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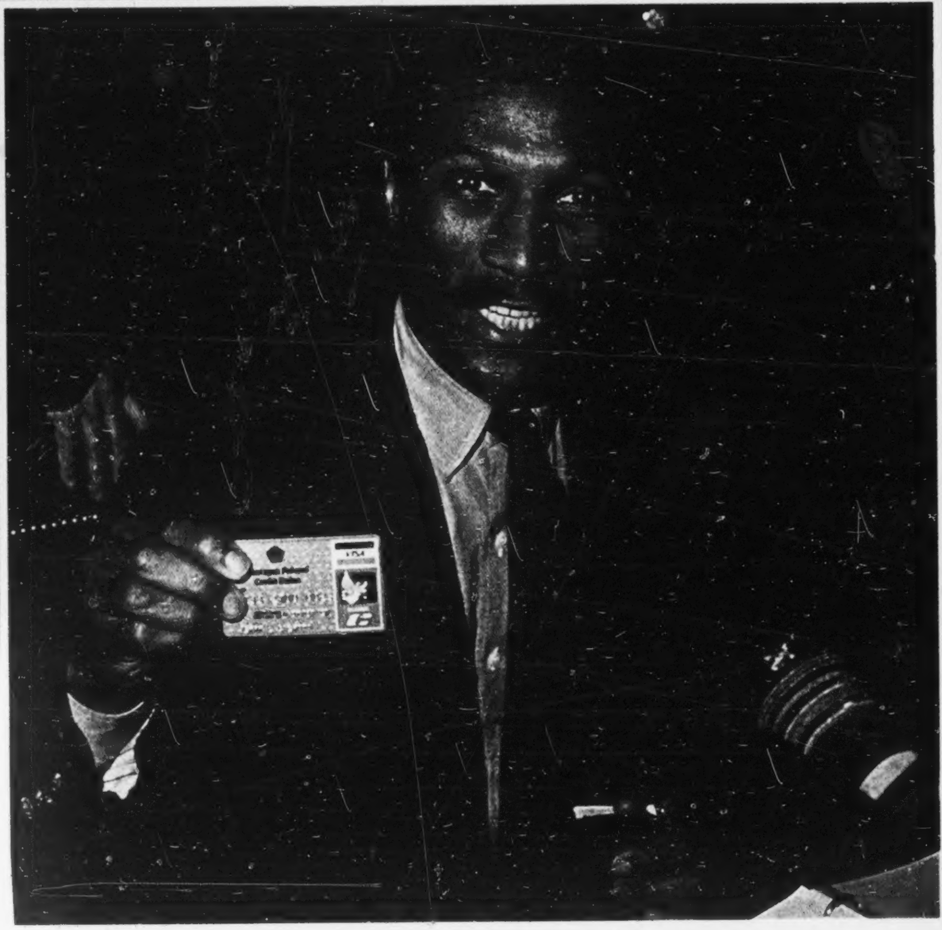
Military Marke

MAGAZINE FOR THE MILITARY RETAIL SYSTEM ARMY TIMES PUBLISHING COMPANY NOVEMBER 1985 $2.0

Credit Cards in the Exchanges

Finally...YES!



Jerry Calhoun, acting assistant secretary of defense (force management and personnel), argued for credit during Capitol Hill credit card hearings.

PLUS:

- How the Exchange Mail Order Catalog Is Put Together
- On the Scene at ALA's Annual Convention in Dallas
- A Personal Comment on State Department Cooperatives

Military Market
serving the military resale system

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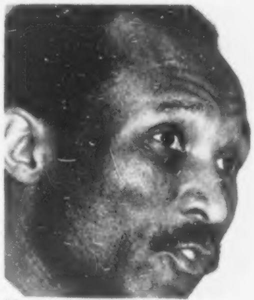
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COVER PHOTO BY TRACY WOODWARD

Military Market survey

The 38th Annual ALA Convention

People were pleased by last month's gathering in Dallas

By NANCY TUCKER
Editor

YOU CAN'T PLEASE all of the people all of the time. If you've ever attended an A.L.A. convention — or helped to plan one — you know how true that is.

But a lot of people *were* pleased by last month's tribal gathering in Dallas. The American Logistics Association's 38th annual convention, held in Dallas from October 6-9, pulled an unusual number of favorable comments. This month's survey was distributed to attendees on the final morning.

Generally speaking, respondents were happy with the status quo in both the business and the social parts of the convention.

Some credit for this may go to the site itself — the Loews Anatole, which housed President Reagan during the 1984 Republican national convention. "After this hotel," remarked one manufacturer, "we'll all be spoiled."

But if attendees liked the hotel, they weren't so happy with the length of the convention itself. "Too long," said several people. "Condense it into 2½ days."

But some folks found more than enough to do. "I had to have two meetings in the pool to get some relaxation," said one media representative from Germany.

More than anything else, what attendees seem to want is more time for business — more free time "to allow some 'phone time,' private meetings, etc.," sessions on marketing and "selling to the military," and problem-solving workshops where the services and industry can talk together. "Members of our company did not come to Dallas to be entertained, but to learn as much from the military as possible," said one manufacturer.

One suggestion on how to do this is the reinstitution of "individual service breakfasts," since the "current approach [of joint-service presentations] becomes introduction and basics review only." Other approaches include an increased number of special interest sessions, and more roundtable time with the various resale agencies.

"The most boring part," said a frequent attendee of ALA meetings, "has been the panel discussions. There's nothing new. I feel we are beating a dead horse with the same questions and answers."

Stressed an executive, who obviously paid a lot of money for his employees to attend: "I find it hard to exclude staff members [from the theme party and banquet], and they don't help my business. I want education and good business contacts for the money I spend."

But all work and no play makes Jack a dull boy — many enjoyed the social events. A good-sized number of party animals (*you know who you are*) even voted to have more company-sponsored hospitality suites. One said he liked this year's theme party (a combination barbeque, barn-dance and rodeo held at a local ranch), but noted that such activities "can take away from the interaction at the hospitality suites."

This year's convention attracted a record number of military and government participants — more than 170 out of a total 1,100. The effort and money spent to get them to Dallas was appreciated. Said one manufacturer: "Commanders, who allowed store managers to come, help communication and [business] contacts. More should do the same in the future." MM

[NOTE: Editor Nancy Tucker was a member of the convention steering committee.]

1 — Please indicate your employer: **Manufacturer — 67. Broker — 18. Distributor — 7. Military/government — 13. Other/not specified — 10.**

2 — Is this your first ALA national convention? **Yes — 25. No — 90.** If no, how many have you attended previously? **Answers ranged from 2 to 25. The average was 7.3.**

3 — Are other people from your company/organization attending this convention? **Yes — 89. No — 26.** If yes, how many others? **Answers ranged from 1 to 44. The average was 5.8.**

4 — Traditionally, ALA conferences begin on Sunday. Do you think they should begin on weekdays instead? **Yes — 49. No — 36. Doesn't matter — 30.**

5 — Do you think ALA convention locations are convenient for people from all areas of the country to attend? **Yes — 86. No — 7. Doesn't matter — 22.**

6. This year, the complete convention package (registration and tickets for all events) cost $450, if purchased early. How does this compare with others you attend? **Cost is higher — 41. Lower — 4. About the same — 45. No response — 22.**

7 — Do you want more/less/the same amount of the following types of programs:

	More	Less	Same
General business speakers	46	11	56
Congress/DoD speakers	25	18	70
Motivation speakers	46	13	56
Exchange presentations	26	27	56
Commissary presentations	31	21	61
Special breakfasts	9	26	81
Awards luncheons	3	34	77
Services' open houses	49	3	63

8 — Do you want more/less/the same amount of social programming:

	More	Less	Same
Cocktail receptions	17	11	87
Theme party	9	20	86
Company hospitality suites	26	8	78
Free time	38	6	70

9 — This year's timetable had special interest programs. What do you think of these? Want more — 40. Want less — 17. Want same amount — 56.

10 -- Have you been able to accomplish the personal business you planned to do during this convention? **Yes — 84. No — 26. Don't know — 2.**

NOTE: A total of 115 surveys were returned. Not all respondents answered all questions.

market report

Let Them Eat More Fiber

Whole grain, fiber and bran are the current stars on the breakfast table, as cereal makers follow the demographics and give the people what they want and need for better nutrition and good health.

By ANNE ROKETENETZ
Associate Editor

MORE BRAN, whole grain and high fiber cereals are pouring into the nation's breakfast bowls, as the growing 25-to-49 year old segment of the population carries its concern for good health into daily eating.

Some observers point to President Reagan's recent surgery for colon cancer as the biggest push the high fiber trend has gotten.

A spokeswoman for Nabisco, however, cites a larger awareness: "People look at cereals as something that fits into their diet. More people are trying to reduce fat, while increasing fiber."

Bill Kastor, military sales manager at General Mills, agrees that the market's strength lies in higher fibers and more nutritious whole grain cereals. "This segment has grown 33 percent faster than the rest of the market over the last five years or so."

Although the lead in the bran cereal segment is held by Kellogg's, with its All Bran, Bran Buds, 40 Percent Bran Flakes, Cracklin' Oat Bran and Fruitful Bran lines, other manufacturers have been jumping into the market.

General Mills' latest entries are Bran Muffin Crisp and Fiber One, a high fiber brand. Slightly sweetened with NutraSweet, Fiber One contains 12 grams of fiber per serving.

While it's still too early to predict the success of the new entries, warns Kastor, "We are trying to get into the niche that now accounts for about 15 percent of the business."

Nabisco's 80-year-old Shredded Wheat brand, says a company spokeswomen, has been extended to include Shredded Wheat and Bran. These cereals passed market tests begun last November, and the company is now moving ahead with their national distribution. The original version of Shredded Wheat holds fifth place in the $4 billion ready-to-eat market.

Many manufacturers have added dried fruits and nuts to their cereals — to spice them up. In August, Ralston Purina introduced Almond Delight, a wheat and rice flake cereal laced with sliced almonds.

Just Right, a multigrain cereal from Kelloggs, is available nationally in regular corn, rice, whole wheat and whole oat flavor, or with raisins, sliced almonds and chopped dates.

General Foods readies promotion of two new versions of its Fruit & Fibre line. Mountain Trail combines high fiber flakes with coconut, peanuts, pineapple and raisins; Harvest Medley offers a blend of flakes with almonds, apples and raisins.

Don't Forget the Kids

To maintain their shelf spaces, makers of presweetened cereals continue to create cereals, based on licensed characters and media idols, marketed to kids under nine.

General Mills' Kastor notes that presweetened cereals are struggling, and he admits that his company's presweetened lines have been "soft for at least the last three to four years." Kastor and others say one cause is that the number of children under nine is declining.

Recent licensed-character cereals include Ralston Purina's Rainbow Brite cereal, based on the Hallmark Card character, and Cabbage Patch Kids Cereal. Cabbage Patch Kids contains less sugar than many popular adult cereals, notes company spokesman Ron Peynor, and anywhere from one-third to one-quarter less sugar than other presweetened cereals.

In August, Ralston deployed its G.I. Joe Action Stars Cereal nation-wide. Aimed at boys aged four through 12, the cereal is made of wheat, rice, corn and oats and hyped as a cereal "for every red-blooded American boy."

Although General Foods met frustration last year with its introduction of a NutraSweet-sweetened version of presweetened Post Alpha Bits, Ralston has decided to try the idea too. The company has rolled out its Sun Flakes line, promoting it as "a great new flake with a great new taste."

Quaker Oats, also dabbling in the NutraSweet jar, has used it to cut the sugar by half in its Halfsies brand.

Popular Hot Cereals Get Facelifts

Traditional hot breakfasts are as popular as ever, remarks Eileen Thompson, marketing manager for hot cereals at Quaker Oats, despite the fact that the market has been flat for the last three years.

To stir sales, the company has revamped and repackaged its Sunmaid Instant Breakfast line, adding two new flavors — mixed fruit and raisin nut.

One of the most popular hot cereals is the instant variety pack available in plain, in maple brown sugar and in new apple raisin walnut.

Quaker has also added apple, raisin and spice and raisins and cinnamon to its Quick Oats line. Thompson says that research has shown that many oatmeal eaters are adding these extra ingredients at home. By adding them during manufacturing, the company increases the product's convenience.

The new Quick Oats flavors are scheduled for distribution on the West Coast first, heading east in the next year. "We're real excited about these two because of the strong consumer reaction we found when they were tested," says Thompson. **MM**

Cold Cereals—Top 10 In Volume

(Figures are market share.)

Brand	1984 pounds	1984 dollars	1983 pounds	1983 dollars
Corn Flakes	6.8	4.7	6.8	4.7
Frosted Flakes	5.6	5.2	5.2	4.8
Cheerios*	5.2	5.5	5.5	5.8
Raisin Bran	4.5	4.0	4.6	4.1
Chex	4.3	4.6	4.3	4.4
Shredded Wheat	4.0	3.3	4.0	3.1
Rice Krispies	3.5	3.8	3.6	3.9
Post Raisin Bran	2.7	2.1	3.0	2.5
Cap'n Crunch	2.7	3.2	2.9	3.5
Honey-Nut Cheerios	2.6	2.9	2.3	2.6
Total	41.9	39.3	42.2	39.4

* Cheerios dropped to third place in volume last year, but remained No. 1 in dollars.

Source: John C. Maxwell, Jr., of Furman Selz Mager Dietz & Birney, New York.

Military Market index

COMMISSARIES

		JULY			YEAR TO DATE		
		CY'85	CY'84	% CHANGE	CY'85	CY'84	% CHANGE
	CONUS	$177,001	$141,186	21.12%	$1,082,522	$1,050,703	3.03%
	OVERSEAS	5,112	28,483	−82.05%	179,473	207,815	−13.64%
AIR FORCE*	TOTAL	**176,113**	**169,669**	**3.80%**	**1,261,995**	**1,258,518**	**0.28%**
	CONUS	104,685	101,430	3.21%	743,925	736,155	1.06%
	OVERSEAS	30,870	31,080	−0.68%	217,245	228,795	−5.05%
ARMY	TOTAL	**135,555**	**132,510**	**2.30%**	**961,170**	**964,950**	**-0.39%**
	CONUS	54,621	53,673	1.77%	437,044	420,056	4.04%
	OVERSEAS	5,960	6,460	−7.74%	48,669	49,392	−1.46%
NAVY	TOTAL	**60,581**	**60,133**	**0.75%**	**485,713**	**469,448**	**3.46%**
	CONUS	13,539	12,607	7.39%	98,102	91,106	7.68%
	OVERSEAS	270	219	23.29%	1,760	1,444	21.88%
MARINE CORPS	TOTAL	**13,809**	**12,826**	**7.66%**	**99,862**	**92,550**	**7.90%**
	CONUS	259	210	23.33%	1,827	1,612	13.34%
	OVERSEAS	248	310	−20.00%	2,043	1,902	7.41%
COAST GUARD	TOTAL	**507**	**520**	**−2.50%**	**3,870**	**3,514**	**10.13%**
	CONUS	$344,105	$309,106	11.32%	$2,363,420	$2,299,632	2.77%
ALL	OVERSEAS	$42,460	$66,552	−36.20%	$449,190	$489,348	−8.21%
COMMISSARIES	TOTAL	**$386,565**	**$375,658**	**2.90%**	**$2,812,610**	**$2,788,980**	**0.85%**
GROCERY STORES	U.S.[1]	$22.516	$21.546	4.50%	$150.821	$144.854	4.21%

* Air Force data has been adjusted to reflect the transfer of Alaskan commissaries from the Pacific Region to the California Region due to AFCOMS reorganization, thus accounting for the large percentage change.

EXCHANGES

		JULY			YEAR TO DATE		
		CY'85	CY'84	% CHANGE	CY'85	CY'84	% CHANGE
	CONUS	$239,121	$231,364	3.35%	$1,626,940	$1,591,159	2.25%
	OVERSEAS	152,197	154,476	−1.48%	1,061,070	1,083,235	−2.05%
AAFES	TOTAL	**391,318**	**385,840**	**1.42%**	**2,688,010**	**2,678,394**	**0.51%**
	CONUS[2]	83,021	83,317	−0.36%	596,443	593,272	0.53%
	OVERSEAS[2]	33,687	37,414	−9.96%	250,792	252,288	−0.59%
NAVY	TOTAL[2]	**116,708**	**120,731**	**−3.33%**	**847,235**	**845,560**	**0.20%**
	CONUS	28,694	27,199	5.50%	197,222	190,980	3.27%
	OVERSEAS	5,231	4,952	5.63%	34,066	33,269	2.40%
MARINES	TOTAL	**33,925**	**32,151**	**5.52%**	**231,288**	**224,249**	**3.14%**
	CONUS[3]	6,561	6,136	6.93%	45,621	42,438	7.50%
	OVERSEAS[3]	510	836	−39.00%	3,548	5,367	−33.89%
COAST GUARD	TOTAL[3]	**7,071**	**6,972**	**1.42%**	**49,169**	**47,805**	**2.85%**
	CONUS[4]	876	995	−11.96%	7,931	8,861	−10.50%
	OVERSEAS[4]	3,294	3,962	−16.86%	21,828	27,661	−21.09%
MAIL ORDER	TOTAL[4]	**4,170**	**4,957**	**−15.88%**	**29,759**	**36,522**	**−18.52%**
	CONUS	$358,273	$349,011	2.65%	$2,474,157	$2,474,157	1.96%
	OVERSEAS	$194,919	$201,640	−3.33%	$1,371,304	$1,401,820	−2.18%
ALL EXCHANGES	TOTAL	**$553,192**	**$550,651**	**0.46%**	**$3,845,461**	**$3,828,530**	**0.44%**
DEPARTMENT STORES	U.S.[1]	$9.741	$9.268	5.10%	$67.268	$64.086	4.97%

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard.

NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.

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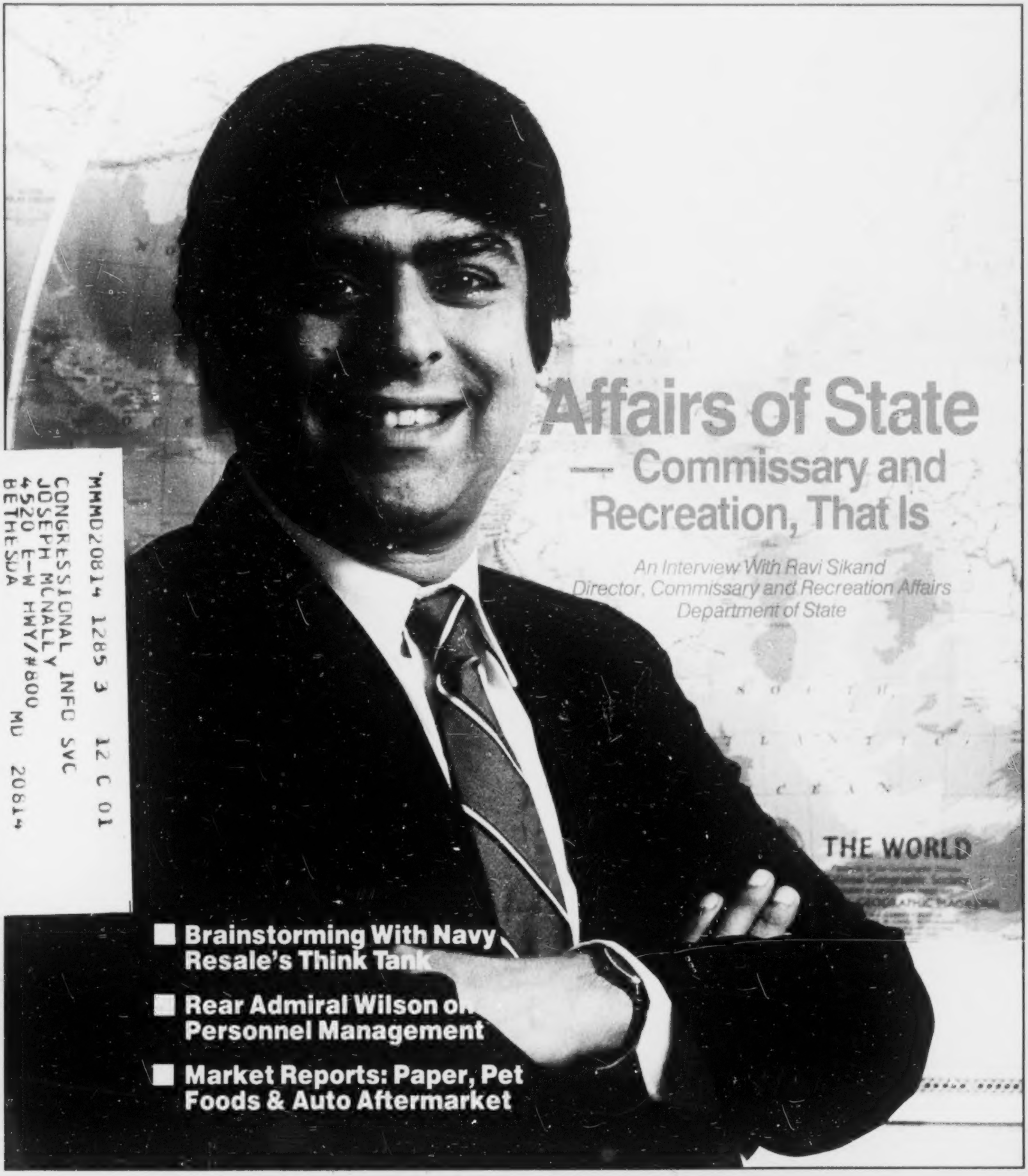

Affairs of State — Commissary and Recreation, That Is

An Interview With Ravi Sikand
Director, Commissary and Recreation Affairs
Department of State

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COVER STORY

Affairs of State

Commissary and Recreation, That Is

An Interview With Ravi Sikand, Director,
Commissary and Recreation Affairs, Department of State

Just two years old, this small State Department office helps embassy employee associations with purchasing support, financial planning and central communication — organizing decentralized groups over which it has no control. The director discussed the activities of the office and associations with Editor Nancy Tucker.

What does the Office of Commissaries and Recreation Affairs do?

The purpose of establishing this office was to provide support to all employee associations — at the recommendation of people within the Department of State.

These had gone from little operations to big dollar amounts out there. When the office started in November–December 1983, it was primarily myself and Dottie Dunham, who worked half-time. Now Dottie has assumed the deputy director position, and we've increased our personnel.

Basically, we have two purposes. One is to provide support and that means everything from helping the associations if they're looking for suppliers, looking to consolidate purchases with other overseas embassies, to getting bulk order purchases. That's the support side of it.

The other side is to provide financial analysis of their operations. We also get into having a look at their audit reports, and we analyze those. We send out statements to them. We make sure they have insurance, bonding, contingency funds — everything that will ensure that they have a well-run operation over there.

We also implemented a management information system. We have a 141-question document, and this will be sent out every year. It gives us a profile of every single association.

From Day One, it was a double operation.

We're more of a support-oriented office. We are not policemen. We're not inspectors, we're not GAO, we are not any of that.

You've also instituted a program of fairly regular communication with the associations by telex.

Yes, we get out close to 85 to 100 telexes a week, answering their concerns, though it runs the whole gamut.

Do you have a headquarters-run publication that communicates with the associations on a regular basis?

No, and the reason we didn't get into that is that we would need *them* to initiate it on a regional basis. It wouldn't pay for me to start something, for instance with Europe, when the European network has their own suppliers, their own good contacts, their own freight corridors. For me to suggest that they should consider somebody out of Miami would be foolish. Those people out there know best.

That's why we're having these regional conferences. We had one in Mexico City this past March, getting the commissary managers from all of Central and South America. It was the first time ever that we got everybody together.

It was an opportunity whereby we told them what the department's concerns were, summarizing what the inspectors had found out, reiterating to them what the regulations stipulate, talking about suppliers, problems, stressing the importance of Buy American.

We also talked about accessorial charges. DoD has very high accessorial charges. I had a cable come in today from Tokyo saying that DoD is hitting them with 18 percent accessorial charges.

What are accessorial charges?

If you're DoD and I'm a USA embassy, and I come to you to buy my stuff from your operation, I have to pay an 18 percent surcharge.

We're very concerned about it back here. DoD's logic is that this represents their cost to transport the goods and stuff like that. It's statutory, so we can't get away from that. We've tried to.

That's why we have something called the Commissary Support Program to tell the posts that there are other alternate sources for buying thing.

What do you consider an alternate source?

They could go directly to the wholesaler, the same people that DoD goes through. They can buy directly from them.

There are close to 400 suppliers that we have a relationship with. I tell the ones that have come in here: "The associations will pay you cash up front." I know for a fact that we can get the associations very good prices — better than a lot of other government agencies or the GSA schedule — because the associations are willing to pay cash on the line. That's the understanding I have with

"We're more of a support-oriented office. We are not policemen. We're not inspectors, not GAO. We are not any of that."

my suppliers. "They will pay you up front and therefore give them the breaks the way you do for someone paying cash."

That works out very well. Whether it be exercise equipment or photography, anything . . . The posts need that kind of stuff. We will mail out suppliers' catalogs, their price lists and a cover letter from myself saying, "We received this and if you want to consider them, then by all means do so."

Do employee association people ever work with the DPSC Supply Bulletin?

Yes, some of my post associations do, but it's really only the ones out in Europe and, to a degree, the ones out in the Pacific that have some sort of close link with the military, because there are military installations there. The way it is now, if you don't have a U.S. military installation nearby, you can't get the support.

So even though the military sometimes supports its own people at remote locations by having someone shop at a commissary and then ship the stuff, they won't do that for you?

No. The military, with their planes and whatever, they transport the stuff, but they will not transfer ours. And if they do, it's probably on a space available basis and it also involves charges.

That would be pretty expensive after awhile.

It is. A lot of my associations are backing away from that because of the accessorial charges. It's something like 17 percent or 18 percent, by statute. There's nothing we can do about it. We also know of posts where it's 21 percent. We've seen such a difference in surcharges. There's no consistency.

I would think that the farther a post were from a major military installation or depot, the higher that might be.

Logically, it's supposed to be like that, but a lot of times there's no rationale.

It's so decentralized that some of their people will enforce it and others will not enforce it. I'm not going to go in and say, "Hey, you must be consistent." I'm not going to tell them what kind of regulations they should have. All I know is it's becoming a serious problem that's going to increase the cost for our personnel, because a lot of times DoD is the only good source for groceries.

They're the only people who are shipping American goods in bulk anywhere within the region.

Exactly. I know for a fact that a lot of my African posts have to come in to New York to buy their meat. If they could buy from the military in Europe, that would be much more logical. But I'm sure they've done some cost analysis.

Have you talked with any people in DoD about this?

Yes, I have, and we haven't gotten anywhere.

We went to Europe about two years ago and brought it up to some of their personnel out there. We dealt with the Secretary Korb's office a while back, and they came out with a decision, like, "This is what it is, and we're sorry. Those are our regulations."

They have told my people overseas that these charges represent their actual true costs. Maybe it's a high accessorial charge because they're shipping in American carriers.

Do the associations work with both the commissary agencies and the exchange agencies?

Yes, with the exchange agencies if they need some exchange-type goods. DoD has been very helpful to us. It's a good operation over there. They're much much bigger than we are, and they've been very supportive. But from what I understand from our own legal department, it would involve legislative action to eliminate the accessorial charge. It's been there so long.

What kind of suppliers are you dealing with — military brokers? Or do you go directly to the manufacturers?

We use very big distributors. A lot of suppliers are not aware of our operations up there. They tend to think commissary, they tend to think military. They don't realize that, even though we're a small group out there, we're a potential market.

If I were a manufacturer of breakfast cereal, and I wanted to make sure that my cereal was on the shelves of all of your commissaries, how would I go about doing that?

We welcome those letters sent to us saying that they'd like to express an interest in terms of supplying.

In response to inquiries, we send out a letter that tells them two things: Attached is a post address. Why don't you communicate directly with them? Otherwise, we can include your literature in our monthly mailing.

To get the widest distribution, I tell them to address their letter to the post administrative officer, who is the ambassador's representative on the association board of directors (each of these associations is run by a board of

"I'm not going to say, 'Hey, you must be consistent.' I'm not going to tell them what kind of regulations they should have."

directors of Foreign Service officers and their family members), as well as to the commissary manager, and to the president of the board.

What we've noticed is that a lot of suppliers like to give the "diplomatic price," which is in effect a wholesale price. They like it because it's a new market, but they like it also because of the prestige. "We are the purveyors to the Department of State associations." They also like it because our associations do pay on the line. They don't have to wait 30 days for payment.

That's very surprising, given the small size of some of the associations.

We have a central fund, close to three quarters of a million dollars, that we put in high interest bearing accounts. It's made up of contributions from the associations. The central fund's purpose is to make interest-free loans to associations for whatever they need. If they wanted to build a tennis court and don't have enough money, they could get an interest free loan from us.

It's really considered along the same lines as a bank. You have to submit your financial statement; we want to review it. You want to know what the post is doing to help, to show that they're sharing in the efforts. It's not a handout.

So, every three months or so, we'll go to the bigger posts and solicit under the name of the Assistant Secretary for Operations. The logic is that one day you might be assigned to Africa or the Middle East or someplace that has a small association and then have to come in for money. That's working out very well.

How long has that fund been working?

Five or 10 years. It's been going on for quite a long time.

What's the biggest loan that you have made?

I forget what it really is, but we make loans for $70,000 to $80,000 to cover groceries. Let's say, for instance, that it would be very cost effective for a post to order full containers for their groceries. They get their best discounts that way. But it takes time to get this stuff into Africa or South America, so by the time they receive the shipment they have to order another one, and they don't have the cash flow because the stuff has not gotten off the shelves. So, if they want an interest free loan to cover that, we'll just do it.

Do you support consulates?

They have an association and are considered individual associations.

Let me give you an example. Guayaquil, Ecuador, has its own commissary association. We consider them independent. They have to file independent financial reports with us, individual audit statements. We treat them individually because they have their own board of governors, their own constitution, their own charters.

Are there associations of associations within a single country?

Let's say Ecuador has two associations. One at Guayaquil, that's a major city, and one in the capital, that's Quito. We correspond with them individually.

So you treat them as two separate organizations?

That's right, because one's a consulate, the other's an embassy. They never really see each other that much. Guayaquil is 600 miles away from Quito. How can anyone have any kind of control of that operation?

Does your office have correspondence with other diplomatic offices?

A lot of foreign embassies are looking at this office as very unique. We are the only Western government that actually has such a support organization. There have been many instances where embassy officials have come into this office, and they've said, "Can you give us help?" And we've said, "Look, we cannot give you help because our business in the State Department is to help American embassies."

However, a lot of posts have consolidated orders — the French, the British, and the Americans are consolidating orders. So if somebody comes in, we'll try to help them.

So maybe somewhere in Eastern Europe, the French, the British and the American embassies all get together to buy Kellogg's corn flakes?

Correct. But that has to be consistent with the host government. The host government has to approve it, and most governments do. I see it from a positive point of view because here are other countries coming to our office and requesting U.S. suppliers.

So it's American cornflakes on British tables in Budapest.

Correct. Exactly. That's the ripple effect.

The British embassy pays the American embassy, and the Americans order for everybody?

Yes. That way you're taking full advantage of the container loads. That's something new that we've been trying to push.

If they have the host country's government's permission and if associations can save money on it, then I'm all for it. There's a double purpose there, promoting America and saving money.

We don't give foreign nations full membership in our associations, nor can they come into our commissaries to buy. Our regulations stipulate only U.S. government employees.

Are you saying the Brits can get American liquor through our embassies?

If they're going to come in with consolidated orders they can, sure. They're going to get your Jimmy Beam or whatever it is, that kind of stuff, sure.

Anything the American association is ordering?

This is an individual post decision, if they're going to proceed in that way. The post employees association board of directors has to make the decision, the host country has to cooperate, and the ambassador has to give his stamp of approval to this relationship.

Would it also be possible for the host government to order things in quantity through the association?

I have not heard of any instances.

Is there anything that would forbid that kind of thing?

As a courtesy from the American government since we're there as guests of the country, and if it's for official use and if everybody's benefitting . . . I don't know . . . It's an individual decision out there.

I've gotten phone calls from different governments and I'll say, "I've got a catalogue from this pre-recorded tape manufacturer." We send this stuff out, they pass around the suppliers list, so we know that those suppliers lists get out to foreign governments and other third country diplomats.

Your office is really a conduit as much as anything else.

Yes. A resource.

The conference you had in Mexico City . . . How long did you work on planning that? How many people attended? Was it just the commissary managers, or did it include other association officers, too?.

The first one was down in Mexico City. The post set it up because we like an individual association to be the host. We provide all the logistics in terms of an agenda. The association managers from quite a lot of the South American posts came up. They paid their own air fare — the associations did all that.

It was an educational experience. We came in and told them what our data base system is. We told them how we analyze their financial statements and how we follow up on our audit reports, the importance of the contingency fund, the importance of insurance, that kind of stuff.

In October, Bonn was the host of the first European conference. They've taken it one step further, coinciding that with the Cologne Food Fair. So timing-wise it's been very good.

With the central fund, we were willing to make short-term loans to cover the travel expenses of the people because we wanted everybody to show up.

Now, you might have some Eastern European countries (I don't know that we do, for a fact), where the manager might be a third country national, or even from the host country, and they cannot leave for whatever reason. In those cases, we've encouraged them to send at least a representative, whether it's the board president or somebody, to see what we have to say, to see the latest kind of stuff.

We'd like to get computerized, for instance. The person on my staff who is responsible for the data base system has gone out, and we've come back with the latest type of software that they could possibly use out there. We don't want to direct them to do it; we just want to tell them this is the latest stuff that's out there.

That must get kind of tricky in some countries where electricity is, shall we say, haphazard.

Yes. The Department has that controlled to a degree; you have your transformers, your stabilizers and this kind of stuff because we have other electronic appliances and stuff like that. It can be adaptable.

At the conferences, we're also giving lectures on proper financial reports. We receive these twice a year from the associations. We also give the concerns of the congressional committees that have been looking at us. Audit reports, management controls, what we can do for you, what we cannot do for you, stressing the importance of proper management.

After the Bonn conference, we'll have one in Tokyo, at the end of November, December, something like that. Then after that, we go down in the Near East. I believe that the embassy in Colombo, Sri Lanka, has offered to be the host.

Basically, we would hit every geographical area. The best benefit is that they're able to share information and to let us know, face to face, the realities of the problems we have overseas.

Some of your commissary managers are family members of people assigned to the post, aren't they?

Yes. In a lot of posts you just cannot attract a manager coming from the United States. We do have arrangements with DoD for them to get training. DoD has hundreds of courses that they give all over the place and on a space-available basis. We work with the Office of Family Liaison, an office within the State Department that tries to help spouses. A lot of our officers out there, their spouses are commissary managers.

Why did the House Government Operations Committee have hearings about the associations a few months ago?

They wanted to have a look at the relationship of the associations towards government contracts. You see, some of our associations overseas serve as contractors to provide various services to the embassies. That's only because you just can't find anybody else to do the work.

You might, for instance, need somebody to do personnel-related clerical work or work on an Agency for International Development project. Maybe AID will come to the association and they'll say, "We can't find anybody in town." Because there's either a lack of education or whatever, the association will provide that person; they will serve as the contractor.

I think that what the Government Ops Committee was concerned about was profits out there, stuff like that.

As a result of those hearings, all contracts now have to come into our offices — all contracts signed with the associations have to come in to be reviewed. We give the guidelines.

Do you have enough people here to do that?

We're trying to move in that direction to get more staff.

Look for the continuation of this interview with Ravi Sikand in the February issue of MILITARY MARKET.

ESTIMATED 1984 SALES BY EMBASSY ASSOCIATIONS

POST	Annual Value Contracts	Revenue Rental Income	Commissary	Restaurant, Snackbar Concessions	Exchange Items	Recreation	Other Services	TOTAL
Abidjan	980,000	0	200,000	22,992	0	0	0	1,200,992
Accra	21,838	75,000	415,851	147,604	0	0	0	660,293
Addis Ababa	312,000	0	95,796	46,000	0	0	0	453,796
Algiers	1,576,908	0	140,000	95,000	0	0	140	1,812,048
Amman	0	0	380,000	0	0	1,250	0	381,250
Ankara	2,055,733	5,296	0	55,336	0	0	0	2,116,365
Antananarivo	0	0	0	0	0	0	0	0
Asuncion	0	0	37,111	0	0	0	0	37,111
Athens	1,436,825	35,000	103,786	58,840	0	0	135	1,634,586
Bamako	0	0	42,633	37,706	0	0	0	80,339
Bangkok	255,679	21,900	2,319,614	0	0	6,330	0	2,603,523
Banjul	0	0	0	0	0	750	2,000	2,750
Beijing	200,000	450	124,643	0	0	0	0	325,094
Belgrade	0	7,800	450,000	0	0	0	0	457,800
Bogota	34,300	21,450	378,000	0	0	0	0	433,750
Bonn Am. TV	75,000	191,565	0	0	0	1,000,000	0	1,266,565
Bonn Comm & Rec	1,218,300	0	1,159,632	1,518,526	1,270,000	101,932	0	5,268,390
Brasilia	144,000	0	192,000	70,089	0	0	20,000	426,089
Brazzaville	380,000	0	0	2,500	0	0	0	382,500
Bridgetown	0	0	0	0	0	0	0	0
Brussels	159,488	16,936	663,593	0	0	0	1,334	841,351
Bucharest	130,000	12,000	120,000	45,000	0	0	169,211	476,211
Budapest	70,000	5,000	0	0	0	1,000,000	0	1,075,000
Buenos Aires	0	0	129,273	0	0	0	0	129,273
Bujumbura	0	0	0	13,956	0	0	1,131	15,087
Cairo	6,218,102	33,000	0	627,883	89,912	0	672,050	7,640,947
Canberra	0	0	186,000	0	25,000	0	0	211,000
Cape Town	0	0	0	0	0	0	0	0
Caracas	286,600	0	105,000	0	0	0	0	391,600
Colombo	0	0	192,000	0	0	0	0	192,000
Conakry	0	0	13,469	0	0	20,000	0	13,469
Copenhagen	0	0	216,000	400,000	0	20,000	0	636,000
Cotonou	88,000	1,200	0	0	0	0	0	89,200
Dakar	0	0	233,225	0	0	0	0	233,225
Damascus	0	900	85,000	25,000	0	1,700	900	113,500
Dar Es Salaam	336,000	16,000	550,000	0	0	0	400	902,400
Dhahran	0	0	0	0	2,175	0	0	2,175
Dhaka	296,031	0	450,534	0	0	0	0	746,566
Commissary Dhaka	0	10,000	0	311,316	0	0	0	321,316
Recreation Dublin	71,500	0	46,000	0	0	0	0	117,500
Frankfurt	0	15,053	0	74,278	0	10,603	0	99,934
Freetown	0	0	60,000	0	0	0	0	60,000
Gaborone	0	0	30,000	0	0	0	0	30,000
Geneva	377,354	3,975	113,777	0	0	0	0	495,107
Georgetown	73,585	0	96,909	0	0	0	0	170,495
Guangzhou	0	0	0	0	0	0	0	0
Guatemala	125,000	0	400,000	0	0	0	0	525,000
Guayaquil	0	0	0	1,838	0	0	0	1,838
Havana	0	0	29,971	0	0	0	0	29,971
Helsinki	44,027	11,764	69,821	51,199	0	0	0	176,811
Hong Kong	32,168	0	128,438	83,751	0	0	0	244,356
Islamabad	0	2,700	1,561,650	0	0	0	2,850	1,567,200
Istanbul	0	0	26,000	0	0	0	0	26,000
Jakarta	400,000	0	1,200,000	96,147	0	0	0	1,696,147
Jeddah	1,562,896	19,564	0	60,000	0	0	7,000	1,649,460
Karachi	0	25,000	500,000	490,000	9,000	0	0	102,400
Kathmandu	0	1,041	500,000	36,517	0	7,570	2,000	547,130
Kavala Relay	0	200	14,500	2,500	0	0	0	17,200
Khartoum	0	0	0	0	0	0	0	0
Kigali	0	3,700	0	0	0	0	400	4,100
Kingston	0	0	491,789	10,182	0	0	0	501,972
Kinshasa	1,175,080	54,000	730,000	205,760	0	50,000	0	2,214,840
Kuala Lumpur	0	0	111,182	0	0	0	0	111,182
Kuwait	0	2,004	0	48,000	0	0	0	50,004
La Paz	164,400	0	1,277,309	0	0	0	31,546	1,473,256
Lagos	795,333	9,650	750,000	147,000	0	0	882	1,702,865
Lahore	0	0	0	23,788	0	0	0	23,788
Libreville	0	0	0	0	6,500	0	0	6,500
Lima	675,398	43,139	380,170	0	0	0	0	1,098,707
Lisbon	195,086	5,000	0	37,877	0	0	0	237,963
Lome	182,328	0	55,156	0	0	0	0	237,484
London	197,000	325	0	547,527	0	0	0	744,852
Lusaka	138,000	3,770	150,000	0	0	0	0	291,770
Madrid	563,681	0	308,310	0	0	0	0	871,991
Managua	1,040,000	0	326,000	100,000	0	0	0	1,466,000
Manila	0	0	1,125,215	820,157	372,892	81,735	0	2,399,999
Mexico City	775,000	5,000	900,000	0	0	0	0	1,680,000
Mogadishu	1,089,137	17,762	495,000	44,366	0	59,500	0	1,705,765
Monrovia	1,620,870	0	227,274	163,363	0	0	0	2,011,506
Montevideo	265,427	0	137,755	0	0	0	0	403,182
Montreal	0	0	50,000	0	0	0	0	50,000
Moscow	340,474	600	375,000	0	0	0	13,000	729,074
Munich	0	16,000	0	0	0	0	0	16,000
Muscat	185,000	1,500	0	0	0	0	0	186,500
Nassau	0	0	15,710	0	0	0	0	15,710
New Delhi	142,140	0	1,181,579	425,341	32,280	34,657	0	1,815,997
Niamey	0	6,500	0	33,300	0	820	0	40,320
Nouakchott	0	0	250,000	30,000	0	0	400	280,400
Oslo	0	0	129,271	162,959	0	0	0	292,230
Ottawa	78,000	0	120,000	0	0	0	0	198,000
Panama	250,000	0	50,000	0	0	0	0	300,000
Paris	2,900,000	241,000	1,500,000	550,000	1,000,000	700	34,000	6,225,700
Philippines Relay	0	2,067	0	0	0	0	0	2,067
Port Au Prince	0	0	398,025	0	0	0	0	398,025
Port of Spain	213,408	0	20,219	0	0	0	0	233,627
Prague	180,000	2,515	463,600	142,300	0	0	924	789,339
Pretoria	0	0	50,000	0	0	0	0	50,000
Quito	21,000	1,200	150,000	0	0	0	0	172,200
Rabat	531,600	5,279	775,772	117,641	0	0	3,314	1,433,609
Rangoon	417,250	4,235	312,000	106,000	0	0	0	839,485
Rhodes Relay	0	0	12,735	0	0	0	0	12,735
Rio de Janerio	0	0	102,536	45,183	0	0	458	148,178
Riyadh	900,000	125	0	–3,000	0	1,500	0	898,625
Rome	0	1,000	910,000	0	0	0	0	911,000
San Jose	0	4,300	215,000	0	0	0	0	219,300
San Salvador	1,850,000	0	600,000	90,000	0	0	1,500	2,541,500
Sanaa	0	0	130,000	0	0	0	0	130,000
Santiago	22,380	77,737	151,818	0	0	3,347	0	255,282
Santo Domingo	0	0	400,000	0	0	0	5,000	40,500
Sao Paulo	0	0	45,202	0	0	0	0	45,202
Seoul	563,000	6,000	144,000	1,095,000	0	1,800	0	1,809,800
Sofia	99,606	450	0	20,939	0	3,418	3,149	127,562
Stockholm	150,000	0	255,754	0	9,784	0	0	415,538
Tegucigalpa	0	0	1,005,000	0	0	0	0	1,005,000
Tel Aviv	52,265	0	853,004	100,606	24,337	200,000	0	1,230,212
Thessaloniki	0	0	0	0	0	0	0	0
Tokyo	108,000	48,300	542,000	200,400	0	0	13,300	912,000
Toronto	0	0	0	1,000	0	0	0	1,000
Tunis	0	0	450,000	55,000	0	0	250	505,250
Vienna	498,258	1,800	491,885	0	0	0	0	991,943
Vientiane	26,400	0	18,000	0	0	0	0	44,400
Warsaw	38,161	0	280,764	169,326	0	0	0	488,251
Yaounde	0	0	12,008	0	0	50,000	0	62,008
TOTAL	37,404,995	1,097,553	33,666,275	9,863,695	2,841,880	2,637,612	987,275	88,499,285

Source: State Department, Office of Commissary & Recreation Affairs.

Note: Single figures may not add up to totals because of rounding.

Military Market index

COMMISSARIES

		AUGUST			YEAR TO DATE		
		CY'85	**CY'84**	**% CHANGE**	**CY'85**	**CY'84**	**% CHANGE**
	CONUS	$163,499	$161,655	1.14%	$1,246,021	$1,212,358	2.78%
	OVERSEAS	28,656	30,817	-7.01%	208,129	238,631	-12.78%
AIR FORCE*	TOTAL	**192,155**	**192,472**	**-0.16%**	**1,454,150**	**1,450,989**	**0.22%**
	CONUS	114,765	112,455	2.05%	858,690	848,610	1.19%
	OVERSEAS	32,865	33,600	-2.19%	250,110	262,395	-4.68%
ARMY	TOTAL	**147,630**	**146,055**	**1.08%**	**1,108,800**	**1,111,005**	**-0.20%**
	CONUS	57,773	56,240	2.73%	494,817	476,296	3.89%
	OVERSEAS	6,326	6,919	-8.57%	54,995	56,312	-2.34%
NAVY	TOTAL	**64,099**	**63,159**	**1.49%**	**549,812**	**532,608**	**3.23%**
	CONUS	14,879	12,718	16.99%	112,981	103,824	8.82%
	OVERSEAS	203	294	-30.95%	1,964	1,738	13.00%
MARINE CORPS	TOTAL	**15,082**	**13,012**	**15.91%**	**114,945**	**105,562**	**8.89%**
	CONUS	276	318	-13.21%	2,103	1,930	8.96%
	OVERSEAS	282	328	-14.02%	2,325	2,230	4.26%
COAST GUARD	TOTAL	**558**	**646**	**-13.62%**	**4,428**	**4,160**	**6.44%**
	CONUS	$351,192	$343,386	2.27%	$2,714,612	$2,643,018	2.71%
ALL COMMISSARIES	OVERSEAS	$68,332	$71,958	-5.04%	$517,523	$561,306	-7.80%
	TOTAL	**$419,524**	**$415,344**	**1.01%**	**$3,232,135**	**$3,204,324**	**0.87%**
GROCERY STORES	U.S.[1]	$23.355	$22.063	5.86%	$174.344	$166.917	4.45%

* Air Force data has been adjusted to reflect the transfer of Alaskan commissaries from the Pacific Region to the California Region because of AFCOMS reorganization, thus accounting for the large percentage change.

EXCHANGES

		AUGUST			YEAR TO DATE		
		CY'85	**CY'84**	**% CHANGE**	**CY'85**	**CY'84**	**% CHANGE**
	CONUS	$246,135	$245,125	0.41%	$1,873,075	$1,836,284	2.00%
	OVERSEAS	154,121	154,515	-0.25%	1,215,191	1,237,750	-1.82%
AAFES	TOTAL	**400,256**	**399,640**	**0.15%**	**3,088,266**	**3,074,034**	**0.46%**
	CONUS[2]	92,007	94,969	-3.12%	688,450	688,241	0.03%
	OVERSEAS[2]	37,867	37,925	-0.15%	288,659	290,213	-0.54%
NAVY	TOTAL[2]	**129,874**	**132,894**	**-2.27%**	**977,109**	**978,454**	**-0.14%**
	CONUS	29,632	29,936	-1.02%	226,854	220,916	2.69%
	OVERSEAS	4,870	4,621	5.39%	38,936	37,890	2.76%
MARINES	TOTAL	**34,502**	**34,557**	**-0.16%**	**265,790**	**258,806**	**2.70%**
	CONUS[3]	7,094	6,494	9.24%	52,715	48,932	7.73%
	OVERSEAS[3]	509	885	-42.49%	4,057	6,252	-35.11%
COAST GUARD	TOTAL[3]	**7,603**	**7,379**	**3.04%**	**56,772**	**55,184**	**2.88%**
	CONUS[4]	935	795	17.61%	8,865	9,656	-8.19%
	OVERSEAS[4]	2,873	3,032	-5.24%	24,701	30,693	-19.52%
MAIL ORDER	TOTAL[4]	**3,808**	**3,827**	**-0.50%**	**33,566**	**40,349**	**-16.81%**
	CONUS	$375,803	$377,319	-0.40%	$2,849,959	$2,804,029	1.64%
	OVERSEAS	$200,240	$200,978	-0.37%	$1,571,544	$1,602,798	-1.95%
ALL EXCHANGES	TOTAL	**$576,043**	**$578,297**	**-0.39%**	**$4,421,503**	**$4,406,827**	**0.33%**
DEPARTMENT STORES	U.S.[1]	$11.457	$10.572	8.37%	$78.721	$74.658	5.44%

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard.

NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.

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Military Market

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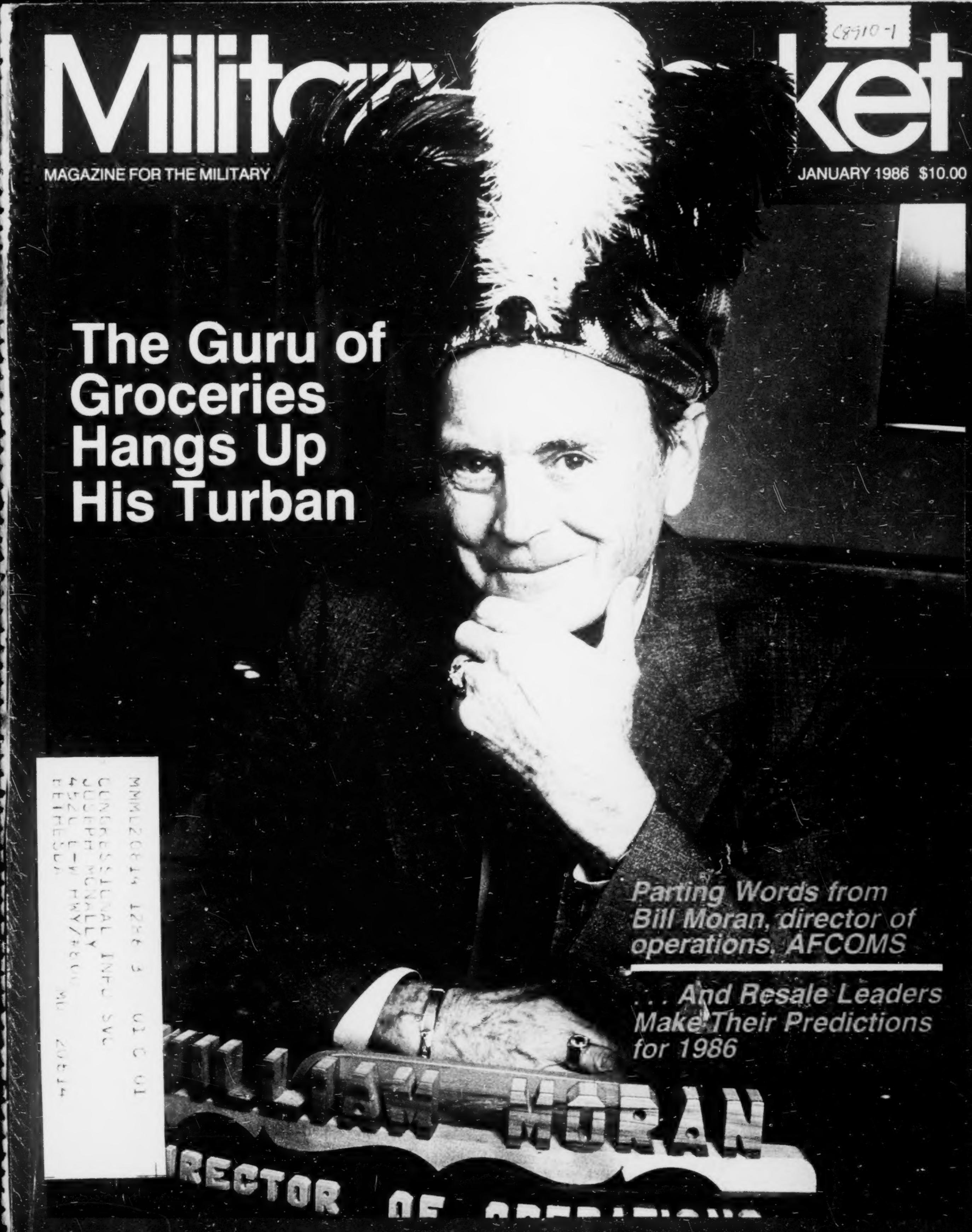

The Guru of Groceries Hangs Up His Turban

Parting Words from Bill Moran, director of operations, AFCOMS

. . . And Resale Leaders Make Their Predictions for 1986

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PLUS: The 1986 Buyers Guide and The Directory of Military Sales Representatives

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serving the military resale system

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survey

State Department Cooperatives

This mixed bag of coops faces an array of challenges

PROBABLY THE TINIEST resale agency isn't an agency at all. It's the loose confederation of employee-run cooperatives at 131 U.S. State Department embassies, consulates and related offices worldwide.

MILITARY MARKET surveyed commissary managers, administrative officers and presidents of the recreation association boards of directors at all of these sites in late October. Because of delays caused by sending mail through diplomatic pouches (some letters took more than two weeks to arrive), we decided to hold off publishing the survey until this issue.

Mail came from Europe, Eastern Europe, the Mid-East, Africa, Latin America, and Asia. And, despite disparities in size and sophistication, a number of similarities were clear:

☐ Retail, warehouse and office space is at a premium.

☐ Many co-ops deal with military exchanges and commissaries, adding that they are "more or less at their mercy as to what products and the condition of those products we can get." Accessorial charges, imposed by the military resale systems to recoup costs of supply, are a burden.

☐ Supply lines are frequently a problem. Embassies aren't a high priority with their suppliers, respondents complain. "Freight costs are high, and getting American products" is hard. Ships run late. "Our suppliers do not offer sufficient variety," and the "stock listings we receive are not up to date, [with] old stock numbers on items." Transshipment "usually results in long delays and pilferage," and delays by host nation customs offices are a problem.

☐ Boards of directors are often troublesome, especially because of frequent rotations of membership. "They find it hard to tell the difference between policy and operation. They assume [it] can be done because they want it that way." And "Some board members interfere with the day-to-day running of a commissary, thinking they know more than the manager and therefore create confusion of roles and damage employee morale." "These people undoubtedly know their own jobs; however, they don't know this one [commissary manager]. They can't even agree on a dumb thing, never mind a smart one."

☐ On the other hand, the boards aren't always happy with their managers, either. The big problem? Ignoring directives.

☐ Personnel: It's "difficult to find well-trained individuals who will provide continuity." "Local personnel are difficult to train and manage."

☐ Post personality problems: Handling these can be tricky, since many employees are spouses of embassy staff members. "People at posts have lots of differing perceptions of what a commissary is to be. Some think of it as the *primary* source of foodstuffs, while others see a need for only a supplementary role." "Because people are stingy, and think the 25 percent post differentials are to be spent elsewhere, the prices here are much too low." "They are very demanding and really don't want to know that your truck broke down, so no Captain Crunch for another week."

☐ Money: "Never enough!" "Insufficient capital to maintain adequate inventory level" at a small post. Collections are a problem, too: "They just let their bills pile up and take advantage this way, knowing that nothing will be done to them if their bills aren't paid in time."

☐ The State Department's Office of Commissary and Recreation Affairs is useful in terms of having someone to sort out problems, provide guidance on legal matters, give out information on insurance and suppliers, and "listen." But "They are very shy about telling associations with elected members of the board to listen more." Some respondents said they saw no benefit to having a liaison office in Washington. Others said OCRA is "More of a nuisance, taking our time with silly, useless questions." But interest-free loans from the central commissary fund are an important benefit.

☐ Modernization: Computers and computerized inventory systems are high on the want-list of several associations. **MM**

1 — Please indicate your title/responsibility: **Post administrative officer — 3. Association board president — 2. Commissary manager — 16. Other — 5.**

2 — Have you attended one of the regional association managers conferences? **Yes — 7. No — 20.** If yes, which one? **Mexico City — 2. Bonn — 5.** Will you attend one of the future conferences? **Tokyo — 2. Colombo — 2.**

3 — If you attended a regional conference, did you find it helpful? **Yes — 7. No — 0.**

4 — What is the biggest problem you have with your association's commissary operation? **Money — 5. Personnel — 8. Relationships with other people at the post — 2. Space — 6. Getting supplies — 6. Other — 5.**

5 — Please explain why this is your biggest problem. **See story.**

6 — What is your second largest problem? Please explain. **See story.**

7 — Do you ever order goods for embassy personnel from other countries? **Yes — 12. No — 14.** Do you ever goods for people from your host nation? **Yes — 9. No — 18.**

8 — Would you like to have a regular association-oriented newsletter produced by the OCRA? **Yes — 22. No — 3. Don't know — 2.** If one were published, would you be willing to contribute to it? **Yes — 14. No — 4. Don't know — 9.**

9 — What is the thing you most need to help you do your job better? **See story.**

10 — What is the most important benefit to you of having an Office of Commissary and Recreation Affairs in Washington? **See story.**

NOTE: Not all questions were answered by all respondents. For question four, some respondents checked more than one possible answer.

index

COMMISSARIES

		SEPTEMBER			YEAR TO DATE		
		CY'85	CY'84	% CHANGE	CY'85	CY'84	% CHANGE
	CONUS	$138,046	$143,326	–3.68	$1,384,067	$1,355,684	2.09
	OVERSEAS	25,567	29,517	–13.38	233,696	268,148	–12.85
AIR FORCE*	TOTAL	**163,613**	**172,843**	**–5.34**	**1,617,763**	**1,623,832**	**–0.37**
	CONUS	96,915	103,320	–6.20	955,605	951,930	0.39
	OVERSEAS	26,355	32,445	–18.77	276,465	294,840	–6.23
ARMY	TOTAL	**123,270**	**135,765**	**–9.20**	**1,232,070**	**1,246,770**	**–1.18**
	CONUS	71,944	72,205	–0.36	566,761	548,501	3.33
	OVERSEAS	7,954	8,840	–10.02	62,949	65,151	–3.38
NAVY	TOTAL	**79,898**	**81,045**	**–1.42**	**629,710**	**613,652**	**2.62**
	CONUS	12,929	14,389	–10.15	125,910	118,214	6.51
	OVERSEAS	283	165	71.52	2,247	1,903	18.08
MARINE CORPS	TOTAL	**13,212**	**14,554**	**–9.22**	**128,157**	**120,117**	**6.69**
	CONUS	249	302	–17.55	2,352	2,232	5.38
	OVERSEAS	326	296	10.14	2,651	2,526	4.95
COAST GUARD	TOTAL	**575**	**598**	**–3.85**	**5,003**	**4,758**	**5.15**
	CONUS	$320,083	$333,542	–4.04	$3,034,695	$2,976,561	1.95
ALL	OVERSEAS	$60,485	$71,263	–15.12	$578,008	$632,568	–8.63
COMMISSARIES	TOTAL	**$380,568**	**$404,805**	**–5.99**	**$3,612,703**	**$3,609,129**	**0.10**
GROCERY STORES	U.S.[1]	$21.295	$20.876	2.01	$195.604	$187.793	4.16

* The Air Force data has been adjusted to reflect the transfer of Alaskan commissaries from the Pacific Region to the California Region because of AFCOMS reorganization, thus accounting for the large percentage change.

EXCHANGES

		SEPTEMBER			YEAR TO DATE		
		CY'85	CY'84	% CHANGE	CY'85	CY'84	% CHANGE
	CONUS	$240,081	$239,427	0.27	$2,113,156	$2,075,711	1.80
	OVERSEAS	158,372	150,616	5.15	1,373,563	1,388,366	–1.07
AAFES	TOTAL	**398,453**	**390,043**	**2.16**	**3,486,719**	**3,464,077**	**0.65**
	CONUS[2]	88,493	89,635	–1.27	776,944	777,876	–0.12
	OVERSEAS[2]	36,289	36,281	0.02	324,948	326,494	–0.47
NAVY	TOTAL[2]	**124,782**	**125,916**	**–0.90**	**1,101,892**	**1,104,370**	**–0.22**
	CONUS	28,956	27,698	4.54	255,810	248,613	2.89
	OVERSEAS	4,863	5,126	–5.13	43,799	43,017	1.82
MARINES	TOTAL	**33,819**	**32,824**	**3.03**	**299,609**	**291,630**	**2.74**
	CONUS[3]	6,839	6,165	10.93	59,554	55,098	8.09
	OVERSEAS[3]	495	841	–41.14	4,552	7,092	–35.82
COAST GUARD	TOTAL[3]	**7,334**	**7,006**	**4.68**	**64,106**	**62,190**	**3.08**
	CONUS[4]	853	848	0.59	9,718	10,504	–7.48
	OVERSEAS[4]	3,010	2,613	15.19	27,710	33,306	–16.80
MAIL ORDER	TOTAL[4]	**3,863**	**3,461**	**11.62**	**37,428**	**43,810**	**–14.57**
	CONUS	$365,222	$363,773	0.40	$3,215,182	$3,167,802	1.50
	OVERSEAS	$203,029	$195,477	3.86	$1,774,572	$1,798,275	–1.32
ALL EXCHANGES	TOTAL	**$568,251**	**$559,250**	**1.61**	**$4,989,754**	**$4,966,077**	**0.48**
DEPARTMENT STORES	U.S.[1]	$10.186	$10.077	1.08	$88.910	$84.735	4.93

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard. NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.

CORRECTION: *The November 1985* Military Market Index *contained an editorial error in its commissary section. The AFCOMS ConUS figure for July '85 should have read $171,001 — NOT $177,001. Thus, the calculated totals and percentage changes are correct as printed.*

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Military Market

MAGAZINE FOR THE MILITARY RETAIL SYSTEM
ARMY TIMES PUBLISHING COMPANY
FEBRUARY 1986 $4.00

'I'M JUST LIKE ANY OTHER SHOPPER'

Talking with Ellen Alkire,
Who Just Happens to
Be the Wife of AFCOMS'
Commander

Seen Here in Her Regular Store, the Kelly AFB Commissary

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ALSO: Live from Las Vegas, the Latest in Consumer Electronics

Dynamic Duo: Frozen Foods and Microwaves

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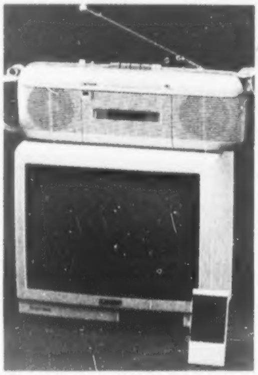
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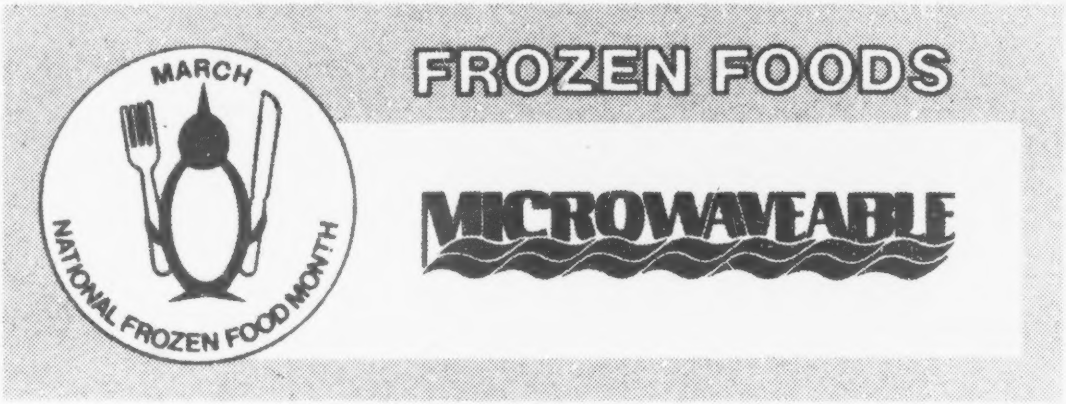
A Dynamic Duo That Will Keep Sales Hot



Frozen foods and microwaves have combined for strong continuing sales, while food makers offer new ways to zap the latest gourmet foods and cuisines.

By ANNE ROKETENETZ
Associate Editor

THE DAY YOU READ THIS sentence, Americans will eat an estimated 45 million servings of microwaved food.

Frozen food manufacturers are looking forward to another year of hot sales as more American households turn to the microwave oven for quick, convenient and nutritious meals and snacks.

A recent survey by MRCA Information Services, a research firm, showed that 44 percent of American households now own microwave ovens. *Fortune Magazine* recently estimated that the number of households owning microwaves could jump to as high as 70 percent by 1990.

The MRCA survey found that since 1982, when a similar study was done, the number of retiree households owning microwaves has risen to 29 percent — up 81 percent. The 1985 study also found that the number of young singles owning microwaves almost doubled, from 20 percent to 39 percent.

Richard Fralick, communications director for the National Frozen Food Association, says that about 9.1 million microwave ovens were purchased in 1984. And although figures for total sales in 1985 are not yet available, Fralick says he guesses the numbers will remain the same.

Another significant increase found by the survey was that the number of meals and beverages now cooked daily in microwaves went up 56 percent since 1982.

A Growing Market Today

In 1984, total dollar sales of frozen foods climbed 10.2 percent over the previous year. Fralick and others in the frozen food industry anticipate similar growth for 1985 and 1986 because people are buying higher priced items.

"Though people are still eating the same amount by weight," Fralick says, "they are buying better quality items."

To boost the popularity of the freezer case, frozen food manufacturers are gearing up for the third annual Frozen Food Month, scheduled for March 1986.

The event, sponsored by the NFFA, was begun in 1984 as an effort to increase sales and promote frozen foods for everyday use. Manufacturers expect this year's promotion to be the largest sales period in the industry's history.

Last year, the promotion pushed frozen sales for the month up 5.5 percent beyond the previous year's promotion.

Because the growth of microwave ovens has led to more consumer demand for variety, manufacturers have kept busy developing new labels and adding to existing lines.

No More Soggy Pizzas

But the No. 1 frozen food, says Fralick, is still pizza.

There are problems with microwaved pizza, however. Because microwaves heat foods from the inside out, using the food's water content as a source of steam heat, microwaved pizza often ends up with soggy crust. Unlike a conventional oven, which drys out moisture, the microwave method retains water.

To adapt this staple to microwave cooking, Pillsbury has developed a "microcrisping" technique designed to leave microwaved frozen pizza with a crisp crust.

Pillsbury's microcrisping method brings more surface heat to the crust by using a susceptor — a large square layer of powdered aluminum laminated under plastic. The susceptor is then glued to the bottom of a disposable paper container.

The pizza is wrapped in cellophane and packed inside the paper container with the susceptor attached to it. To microwave it, the consumer must remove the cellophane, turn over the paper container so the aluminum coating is facing up and place the pizza on top of the aluminum-coated side. Because heat is drawn to the susceptor, the crust crisps while the rest of the pizza heats.

The company has high hopes for this technique, introduced about 18 months ago. Reports in the trade press have said Pillsbury estimates the new technology will help sell between 35 and 40 million pizzas during the first year on the market.

Other companies, which have borrowed this technique, are hopeful the microcrisping technique will be useful in keeping microwave products like pancakes and breaded items from becoming soggy when zapped.

Ever Popular Premiums

Holding their own in the freezer case are higher priced premium gourmet dinners, entrees and specialty foods like ethnic dishes.

New in the gourmet case this year are four specialty side dishes from Stouffers. A company spokeswoman says the introduction of Rice Medley, Linguini with Pesto Sauce, Fettucini Primavera and Apple Pecan Rice, is in response to consumer research that shows consumers are looking for more specialty rice and

Prepared Frozen Food Market Forecast — 1984–90

(in millions of 1984 dollars)

Year	Old/Traditional Segment Retail Sales	Old/Traditional Segment Percent Of Market	New/Premium Segment Retail Sales	New/Premium Segment Percent Of Market	Total Sales
1984	$3,932	68	$1,881	32	$ 5,813
1985	$3,852	57	$2,907	43	$ 6,759
1986	$3,775	48	$4,097	52	$ 7,872
1987	$3,700	41	$5,350	59	$ 9,050
1988	$3,626	36	$6,466	64	$10,092
1989	$3,553	32	$7,407	68	$10,960
1990	$3,482	30	$8,148	70	$11,630
Compound Annual Growth	–2%		+28%		+12%

Courtesy of Frozen Food Age

pasta dishes.

"A number of people are getting into making their own pastas," she explains. "Stouffers just makes these dishes more convenient by offering them already prepared."

To meet increasing demand for light, low calorie dishes, says the spokeswoman, Stouffers has also introduced three new dishes to its Lean Cuisine line. Tuna Lasagna with Spinach Noodles and Vegetables, Veal Primavera and Turkey Dijon, bring the total number of dishes in the line to 21, she says.

Despite the growing popularity of premium priced dinners and entrees, TV dinners remain a strong category. NFFA's Fralick says he doesn't see the TV dinner getting defrosted by the gourmet dinner or entree at all.

"There will always be a need for these," as it is sometimes difficult to get children to eat what's right for them, he explains.

Fish and other seafoods are also a growing segment of the frozen food market, although frozen meats have seen a slight decline recently. Seafood increased in dollar sales by 9 percent between 1983 and 1984, says Fralick, while frozen meats only saw a 1 percent gain, a significantly smaller gain than in previous years.

The hors d'oeuvres category is also enjoying growth in popularity. Recently, the potato people at Ore-Ida Foods introduced Vegetable Crisps to a Midwest test market. While this product is recommended for use in a conventional oven because of its breaded coating, all reports indicate that the company expects the new line to do well.

Ore-Ida is making Vegetable Crisps available in five types: broccoli, cauliflower, zucchini, mushrooms, and a combination of the four. Suggested retail for the 12-oz. packages is $1.59.

As tastes continue to change, makers of ethnic frozen foods are also increasing in variety. The Benihana National Corp., for example, last fall introduced a version of lite frozen oriental dinners in addition to its original dinner line.

Industry insiders say such ethnic foods as Mexican, Chinese and Spanish are also enjoying a continued growth in the freezer case. **MM**

A Frozen Food Example: There Will Be Always Something New to Sell

HERE'S THE LATEST TWIST on French fried potatoes — Curley Q Fries.

The manufacturer cites the twisty taters as "the longest french fries being commercially produced anywhere in the world." Lengths of eight to 12 inches are average, the manufacturer claims.

The company, insiders say, is supposed to be bought out this spring by Quaker Cats, Vince Johnson, director of marketing communications for TaterBoy Co., says. After the buy-out, Curley Q's should be available in commissaries.

These newfangled fries are cut into curls, coils, springs and rings. The Walla Walla, Wash., company developed and patented the latest in cutting technology, according to a press release, making it possible to have the shapely finger food.

"No one else can commercially produce [the fries]," Johnson asserts. He adds that the company should be producing the fries on an exclusive basis for the next five or six years.

TaterBoy has designed a "rule of thumb" for calculating the length of a Curley Q: Multiply the diameter of the coil by three to get the circumference, then multiply the circumference by the number of coils to obtain the total length of the tater.

If this multi-step procedure is too difficult (or unbelievable), wrap a piece of string around the Curley Q in question and then measure the length of the string. The answer should be the same.

In addition to their unique shape and length, these fries are only cut from Northwest grown Russets, then "self-seasoned" in their own skins before being blanched. **— Patty Toben**

NEW
Curley Q Fries
French Fried Potatoes with Skins

Military Market index

COMMISSARIES

		OCTOBER			YEAR TO DATE		
		CY'85	CY'84	% CHANGE	CY'85	CY'84	% CHANGE
	CONUS	$160,953	$148,835	8.14	$1,545,020	$1,504,519	2.69
	OVERSEAS	29,459	29,824	–1.22	263,155	297,973	–11.68
AIR FORCE*	TOTAL	**190,412**	**178,659**	**6.58**	**1,808,175**	**1,802,492**	**0.32**
	CONUS	109,515	104,160	5.14	1,065,120	1,056,090	0.86
	OVERSEAS	33,180	31,395	5.69	309,645	326,235	–5.09
ARMY	TOTAL	**142,695**	**135,555**	**5.27**	**1,374,765**	**1,382,325**	**–0.55**
	CONUS	55,798	54,814	1.80	622,559	603,315	3.19
	OVERSEAS	6,303	6,622	–4.82	69,252	71,774	–3.51
NAVY	TOTAL	**62,101**	**61,436**	**1.08**	**691,811**	**675,089**	**2.48**
	CONUS	14,630	13,625	7.38	140,540	131,839	6.60
	OVERSEAS	284	230	23.48	2,531	2,133	18.66
MARINE CORPS	TOTAL	**14,914**	**13,855**	**7.64**	**143,071**	**133,972**	**6.79**
	CONUS	302	311	–2.89	2,654	2,542	4.41
	OVERSEAS	276	235	17.45	2,927	2,761	6.01
COAST GUARD	TOTAL	**578**	**546**	**5.86**	**5,581**	**5,303**	**5.24**
	CONUS	$341,198	$321,745	6.05	$3,375,893	$3,298,305	2.35
ALL	OVERSEAS	$69,502	$68,306	1.75	$647,510	$700,876	–7.61
COMMISSARIES	TOTAL	**$410,700**	**$390,051**	**5.29**	**$4,023,403**	**$3,999,181**	**0.61**
GROCERY STORES	U.S.[1]	$22.126	$22.067	0.27	$217.810	$208.860	4.29

* The Air Force data has been adjusted to reflect the transfer of Alaskan commissaries from the Pacific Region to the California Region because of AFCOMS reorganization, thus accounting for the large percentage change.

EXCHANGES

		OCTOBER			YEAR TO DATE		
		CY'85	CY'84	% CHANGE	CY'85	CY'84	% CHANGE
	CONUS	$233,339	$214,016	9.03	$2,346,495	$2,289,727	2.48
	OVERSEAS	157,904	146,204	8.00	1,531,467	1,534,570	–0.20
AAFES	TOTAL	**391,243**	**360,220**	**8.61**	**3,877,962**	**3,824,297**	**1.40**
	CONUS[2]	91,111	94,380	–3.46	868,054	872,256	–0.48
	OVERSEAS[2]	37,676	38,127	–1.18	362,624	364,621	–0.55
NAVY	TOTAL[2]	**128,787**	**132,507**	**–2.81**	**1,230,678**	**1,236,877**	**–0.50**
	CONUS	29,434	28,968	1.61	285,244	277,581	2.76
	OVERSEAS	4,669	4,826	–3.25	48,469	47,842	1.31
MARINES	TOTAL	**34,103**	**33,794**	**0.91**	**333,713**	**325,423**	**2.55**
	CONUS[3]	6,482	6,250	3.71	66,036	61,347	7.64
	OVERSEAS[3]	492	852	–42.25	5,044	7,945	–36.51
COAST GUARD	TOTAL[3]	**6,974**	**7,102**	**–1.80**	**71,080**	**69,292**	**2.58**
	CONUS[4]	1,213	1,174	3.32	10,931	11,678	–6.40
	OVERSEAS[4]	3,620	4,375	–17.26	31,331	37,681	–16.85
MAIL ORDER	TOTAL[4]	**4,833**	**5,549**	**–12.90**	**42,262**	**49,359**	**–14.38**
	CONUS	$361,579	$344,788	4.87	$3,576,760	$3,512,589	1.83
	OVERSEAS	$204,361	$194,384	5.13	$1,978,935	$1,992,659	–0.69
ALL EXCHANGES	TOTAL	**$565,940**	**$539,172**	**4.96**	**$5,555,695**	**$5,505,248**	**0.92**
DEPARTMENT STORES	U.S.[1]	$11.232	$10.668	5.29	$100.131	$95.403	4.96

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard. NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.

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Military Market

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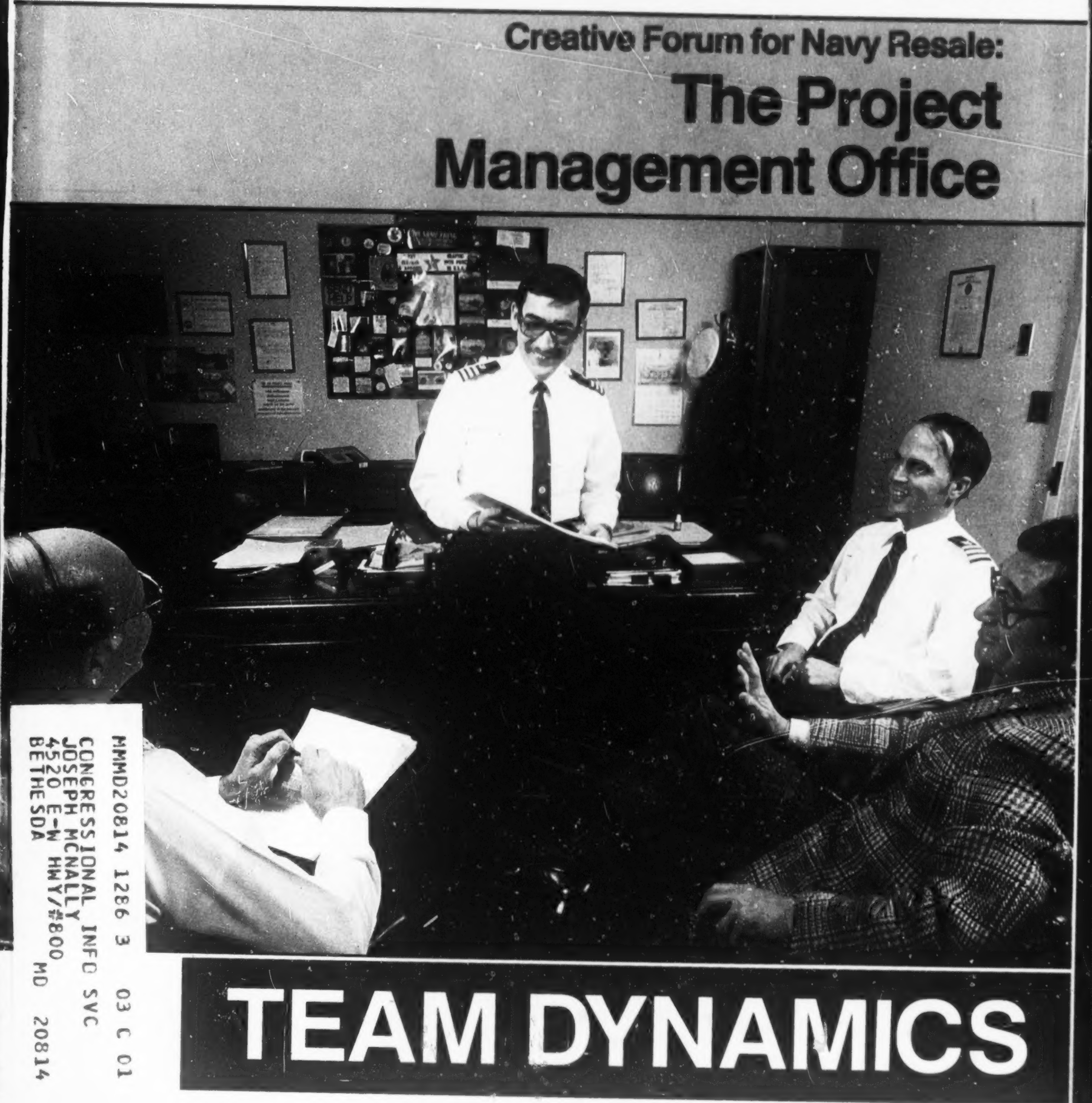
ARMY TIMES PUBLISHING COMPANY
MARCH 1986 $4.00

Creative Forum for Navy Resale:

The Project Management Office



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TEAM DYNAMICS

In San Antonio: ALA & AFCOMS Updates

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serving the military resale system

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AAFES creates marketing, purchasing spots; cuts merchandising, services divisions

PHOTO BY TRACY WOODWARD

SIDE-BY-SIDE AT AN ALA CONVENTION: Maj. Gen. John E. Long, AAFES commander; O. John Nille, AAFES deputy commander for operations; Ronald T. Wulff, marketing director; and Frank Hardt, purchasing director.

Officials at the Army and Air Force Exchange Service want to cut the fat out of their organization.

They hope that under a new "realignment," employees will spend less time on administrative tasks and more time working to increase sales.

Here are some of the changes they will make:

☐ *Eliminate the merchandising division and the services division. In their place, establish purchasing and marketing "directorates."*

The new directorates are headed by the former directors of the merchandising and services divisions. Frank Hardt heads the purchasing directorate and Ronald T. Wulff heads the marketing directorate.

☐ *Change the name of the top civilian post and have four directorates — which make up the new "sales group" — report directly to the person who holds that job.*

O. John Nille, newly designated as deputy commander for operations, will have responsibility for the purchasing, marketing, distribution and purchasing policy directorates, as well as for the AAFES distribution region.

☐ *Reorganize the area exchanges.*

The realignment officially began Jan. 25. Officials ex-

Please see STREAMLINING on page 14.

Commissaries cope with Gramm-Rudman

Budget cuts threatened under the Gramm-Rudman-Hollings law haven't completely killed everybody's sense of humor.

"It's no longer a Pentagon. It's a triangle . . ." joked Maj. Gen. M. Gary Alkire recently. "That's all we can afford."

The services have told their commissary systems that budget cuts are coming, but at MILITARY MARKET press time, not all of the commissary agencies knew exactly how bad they would be hit starting March 1. Nevertheless, travel and hiring freezes and reductions in store hours have been planned for all the systems.

One Department of Defense official told MILITARY MARKET that, because commissaries are a personnel item and therefore "an important commodity, they were given priority."

Nevertheless, everyone is going to have to learn to deal with Gramm-Rudman-Hollings, Air Force Lt. Gen. Edgar A. Chavarrie, deputy assistance secretary of defense for military manpower and force management, told American Logistics Association members and their military guests in February.

Speaking at a dinner during ALA's Commissary Roundtable, Chavarrie said he was optimistic that, even though the commissary system would "take some hits," the coming reductions would probably not be as unreasonable as some people think.

"The bottom line is we must deal with it. When Gramm-Rudman is

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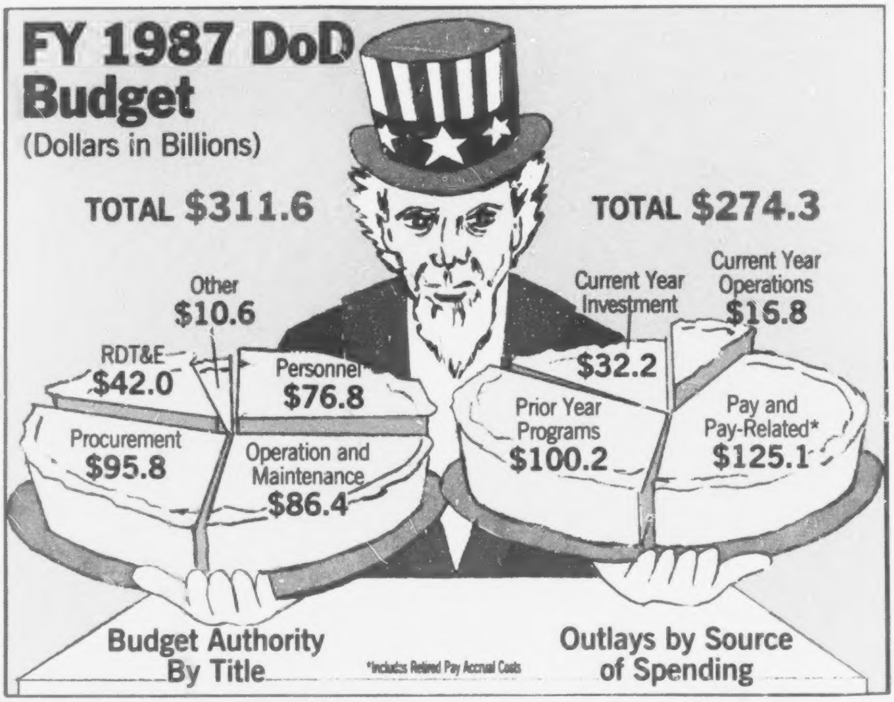

CHART BY MIRIAM MacPHERSON

Commissaries seek flexibility in Gramm-Rudman

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triggered, all is equal and nothing is precounted," said Chavarrie. He added that it would be in everyone's favor to work on the provision "prior to its happening."

Maj. Gen. Alkire, the commander of AFCOMS, and other commissary officials have stressed that, despite Gramm-Rudman budget cuts, patron service will remain a high priority. But how patrons will be served is still up in the air, since not all of the commissary agencies have completed their budget plans.

And each agency is taking a different approach to the budget cuts:

☐ **AFCOMS:** AFCOMS' Maj. Gen. Alkire told attendees at the recent ALA conference that he is "ignoring predictions of specific impacts, and instead plans to "program AFCOMS to be as flexible as possible" in its budget-cutting.

"We are going to have to do some very serious studies of our whole system" to figure out how to save money, Alkire added. The "key to survival starting in fiscal year 1987," he said, "will be the flexibility developed in the next seven months."

AFCOMS has developed a "shopping list" of 19 contingency alternatives that can be put into effect, depending on how deep the budget cuts fall, added Col. Frank Dooley, the agency's new operations director.

Gramm-Rudman-Hollings "will mean a major impact on the operations and maintenence appropriations" of the systems, said Dooley. He assured the industry that AFCOMS would not cut any product line without first talking with manufacturers or reps.

AFCOMS is faced with a $5 million cut in the remainder of its fiscal 1986 budget, and has therefore imposed freezes on headquarters hiring and temporary duty funds.

It had appeared that AFCOMS would have to reduce store operating hours by as much as 10 percent to 15 percent. But a careful reading of the law and support from the Air Staff has given the agency some relief. The regions have been given the option of opening stores one half hour later than normal on days of operation.

Industry reports indicate that some stores and regions have already begun to reduce store hours.

As a general rule, said an AFCOMS official, ConUS stores will remain closed on all U.S. holidays. Overseas stores will remain closed in observance of local holidays.

Another effort to reduce manpower costs will be checking store inventories to determine "slow-moving" items that can possibly be discontinued to save on labor costs. The official said that each region would work with area vendors to define slow-moving items.

Item records will be consolidated within each region and will not be dictated by headquarters. In some regions, as many as 40,000 different items are being stocked. These records are being consolidated so that "we need less manpower to run the system," Alkire said. Consolidations mean more shelf space for best-sellers and sales therefore go up, he added.

AFCOMS is also having its regions look into using frequent delivery programs in stores where it is feasible, said the official. Frequent delivery will aid in ensuring a 99 percent item stockage rate. Three ConUS AFCOMS stores already use frequent delivery.

Not-in-stock signs will also be discontinued. Shelves will be left open until orders are filled, an AFCOMS spokesman said.

The official said AFCOMS would also begin moving away from filling special order requests, though patrons will still be allowed to order special meat cuts and purchase products by the case lot.

The use of carcass beef in Air Force commissaries will stop soon, and all stores will convert to using 100 percent boxed beef.

Despite the cuts, Maj. Gen. Alkire told a commissary officers meeting in San Antonio that, "in a tight funding environment, training will al-

Please see COPING on page 16.

COPING, continued from page 15.

ways be fully funded."

☐ **Troop Support Agency:** "We want to leave customer service alone," one TSA region offical who wanted to remain anonymous told MILITARY MARKET.

TSA hasn't released any offical statements about budget cuts. However, some officials expect that the agency's budget will be cut by some $12 million.

"We are setting priorities," said the TSA region official about plans to deal with the cuts. "We plan to cut anything that is not essential."

The official also said he anticipated that the region's two or three annual meetings of commissary officers would likely be cut back to a single annual meeting.

☐ **Marine Corps:** The Marine Corps hasn't been affected by a budget cut, but has still imposed its own internal hiring freeze, according to Joe Jeu, Marine Corps commissary program director.

"We are fortunate to be spared from any cuts," Jeu told MILITARY MARKET.

He said the Marines probably didn't receive budget cuts because the system had already weathered a 23 percent increase in its work load over the last two years without any additional funding.

☐ **NAVRESSO:** The main problem facing Navy commissaries, said Nick Giannone, deputy commander of the commissary operations group, is "people to run the stores."

Giannone told the ALA audience that "we have to face reduced dollars for payroll." Since the Navy is already tight on store personnel, "I don't know where there will be much more savings in payroll cuts" for Navy commissaries.

Navy commissaries average 44 hours of operation a week, the lowest of all the commissary systems.

Meanwhile, a NAVRESSO spokeswoman estimated that the agency's budget would be cut about $250,000

☐ **Defense Personnel Support Center:** A spokeswoman for DPSC said that the agency is being faced with a $2 million budget cut. DPSC has imposed hiring, overtime and TDY freezes in an effort to meet the cuts.

The spokeswoman said the agency did not anticipate the cuts would reduce service to commissaries overseas. "Right now, the only questionable area is the [clothing] factory," she said.

STREAMLINING, continued from page 14.

phone calls to get it accomplished. "Under the old way of doing it, I would have to call three or four people to get that accomplished. I would have had to burden my chief of staff," he said.

Now, the commander can get the deputy commander for operations to handle the task, thereby freeing him for other duties.

Changes at the Area Exchanges

Also under the realignment, area exchange managers will be relieved of some administrative duties so they can spend more time out in the exchanges.

The area exchange manager "is the key manager of the whole nine yards . . . He is the key person in the organization. He is the most experienced merchant that we have," Long said during the interview.

It's important that area exchange managers be in the stores, "guiding, coaching, planning, developing, helping" the store managers, he said.

As part of the reorganization, officials have shifted office functions, retaining the manager and three assistants at the area level. Other functions — such as personnel — have been moved to other levels.

Before the realignment, the regions did some of the same tasks that the area exchanges were doing, AAFES officials said. "So we streamlined the reporting system and had all reports go directly either from the exchange to the region, or from the exchange — by computer — directly to the headquarters," John Nille, AAFES deputy commander for operations told MILITARY MARKET during an interview.

With the shakeup, some area exchange employees may lose their jobs, but officials say they hope to place them in other jobs in the organization. "We have made a committment to the people at the area level that we will find them a job within the organization. With our turnover, we've always got openings," Nille said. He added that some people may have to relocate.

Other changes under the realignment are:

☐ *Upgrading of the training department.*

"In the training area, we took a very detailed look at how our training has been handled in the past," Nille said. "We're going to concentrate on creating managers more than creating people who understand every single procedure we have. And we have a load of them, as every government agency does," he said.

☐ *Formation of a more individual-oriented personnel department.*

The name of the personnel department has been changed to human resources directorate to reflect an increased emphasis on the individual instead of on the organization.

The organization and staffing branch from the plans and management division will join with the personnel department to form the new directorate. Officials estimate that this move should take about six months.

☐ *Shift of the quality assurance function to the purchasing directorate.*

The quality assurance division will now be right with the buyers. "We hope that that natural antagonism that exists — the buyer wanting to get merchandise on the shelf and the quality assurance man wanting to make sure there are no loose threads on the garments at all, that everything's perfect — should help us to buy better merchandise," Nille said.

☐ *Formation of the sales associate concept.*

Employees working on the sales floor at the store level are now called sales associates. "I feel that people who are the heart and soul of AAFES are those employees out there on the sales floor meeting with the customers. What we did was we changed their name to reflect exactly what they should be doing," Long said.

The sales associate not only should sell, but should also communicate with management about "what we should be doing" to increase sales, he said.

☐ *The video production section has also undergone a change. It has been moved from the training section of the personnel division to the administrative division to make it more accessible by all branches of the organization.*

☐ *The employee relocation section will now be located under the administrative division.*

Throughout the realignment, there have been changes in the use of the term "division." Support and selling elements, the core functions of the business — formerly called divisions — are now called "directorates," such as the purchasing directorate and the marketing directorate.

Other support elements — such as public affairs, plans, and safety and security — are still referred to as divisions. They make up AAFES' "special staff."

Laundry Detergents Lead the Way

Whether liquid or dry, household cleaning products are in a growing market, thanks to emphasis on product extensions, convenience, and promotion.

By ANNE ROKETENETZ
Associate Editor

LAST YEAR'S INTRODUCTION of Liquid Tide by Procter & Gamble hit the soap industry with such impact that P&G's competitors are still scrambling for ways to cash in on a newly active market.

According to reports for 1985, laundry detergents — especially liquids — were the most active and competitive of all household items during the first half of the year.

But despite Liquid Tide's immediate success, it has yet to beat out the No. 1 market shareholder: Wisk, the Lever Company's liquid laundry detergent, remains in the first place position. While Liquid Tide has captured about 6.8 percent of the market, Wisk is clinging tightly to an 8.8 percent share.

To make sure that first place spot holds, Lever has introduced a dry formula of Wisk, touting it as the detergent that, for 25 years, "nothing has beaten" when it comes to "ring around the collar."

Lever is also introducing liquid and dry forms of detergent under the new Surf brand to capitalize on as much of the market as possible.

Meanwhile, laundry detergent being marketed under the company's Sunlight brand name is reported to be doing very well in Canada. That brand is an extension of the company's brand of dishwashing liquid.

Another firm vying for a spot on the laundryroom shelf is Colgate-Palmolive, with its introduction of a liquid version of its Fab brand laundry soap. Reportedly, the company is spending an estimated $25 million on introducing the new product.

Household Cleaners Climb

Charles H. Kline & Co., a New Jersey-based research firm, found in a recent study that sales of household cleaning agents have been on the rise for the past several years.

The Kline company found that in 1984, Americans spent $8.9 billion on household cleaning items, up 7.1 percent from 1983.

The company predicts that sales will continue climbing in the future and estimates an annual growth rate of 7.5 percent between now and 1989, when it expects sales to climb to $12.9 billion. (A Kline spokeswoman notes that this includes an inflation rate of 5.5 percent.)

The study attributes a moderate but steady increase during the past several years to many successful, innovative line extensions introduced to the market, plus a heavy focus on promotion by their manufacturers.

One trend that is strong in this category of the household supplies market is the heavy emphasis now being put on convenience and quick results. The Kline study attributes this emphasis to changing demographics, including more single people and more working woman who have less time and are willing to spend less time cleaning.

The study also notes that the increasing number of senior citizens who are physically less able and just less interested in cleaning have also contributed to this trend.

According to the Kline study, an estimated 20 companies market more than 5,000 brands of household cleaners. But three companies account for 44 percent of the total market.

The study lists P&G as leading the pack with a 29 percent share of the total market volume. *(EDITOR'S NOTE: Please see chart.)* Lever and Colgate-Palmolive follow respectively as the No. 2 and No. 3 market share holders.

The report breaks the household cleaner market into 39 categories that make up six groups. The six are: soaps and detergents, laundry additives, specialty cleaners, pest control products, deodorizers and disinfectants, and polishes and waxes.

The Kline study predicts that, if the growth of the household cleaners market continues in the same way as it is now, the strongest overall growth will come in the categories of vinyl protectants, carpet deodorizers, air fresheners and bathroom cleaners.

One trend in this market has been for manufacturers to place a big emphasis on product promotion. A good example is P&G: The company that

market report

The Top 10 Domestic Household Cleansing Products Companies

(Percentages of Total for 1984)

Company	% of Total
Procter & Gamble	29
Lever	8
Colgate-Palmolive	8
Clorox	5
S.C. Johnson	5
Sterling Drug	4
Purex	4
American Home Products	3
Amway	3
Morton Thiokol (Texize)	3
All others	28

Courtesy of Charles H. Kline & Co.

celebrated its 60th birthday last year by giving out 500 diamonds and 2.4 million cubic zirconia inside boxes of its Spic & Span product will reportedly repeat the promotion sometime this year.

Advertising Age recently reported that the company has been calling the "gem" promotion one of the most successful in the company's history. Sources indicate P&G might be adding other gems besides diamonds and zirconia to this year's giveaway.

Bleached Out . . .

Sales of non-chlorine dry bleach have soared, says Robert Boylon, military sales manager for the Gold Seal Co., about that company's 30-year-old Snowy brand of dry bleach.

"Our sales have increased significantly," he recently told MILITARY MARKET, despite the fact that liquid chlorine bleach still ranks No. 1 for market shares in the bleach category.

Boylon attributes the increase in popularity of both dry and liquid non-chlorine bleaches to the fact that more and more of today's clothes are manufactured from manmade fibers that could be damaged by chlorine bleach. Consumers are reaching for chlorine bleaches for use in household cleaning rather than for laundry.

Leading in the non-chlorine bleach market is Clorox II. Overall, its manufacturer, the Clorox Co., leads the bleach market with a 57.2 of the market volume.

The liquid trend that has hit the laundry detergent category has also hit the bleach segment. Dow Chemical Co. has introduced Vivid, a liquid non-chlorine bleach safe for all fabrics.

Other Trends

☐ **Hand Soap:** One area of the household supplies market that is not expanding is liquid hand soaps. These are failing because consumers "are not using them up fast enough," says one market observer. People are reaching more for the refills than they are for the actual products, he says. Therefore, the market has leveled off, and the category is not attracting new customers.

But still, Dotolo Citrus Research Corp. has gone ahead and introduced Dotolo's Amazing multipurpose hand cleaner. The new item is citrus scented and contains orange oil that is supposed to aid in leaving hands soft and clean without drying.

☐ **Multifunctional Detergents:** There's been a leveling off of sales of multifunctional detergents, according to a recent study of both brand name items and private labels by *Private Label* magazine. In the publication's annual study of the household cleaner market, it found declining sales for laundry detergents that offer fabric softeners and static controllers all in one.

Though this trend is leveling off, some manufacturers have yet to allow it to die completely. P&G is currently testing a version of Bold III laundry soap that offers a fabric softener. So is Lever with its Fab brand.

☐ **Dense Packs:** Some manufacturers have also turned to marketing "dense" packs of laundry soap. Instead of the usual 49 ounces, these denser and more concentrated cleaners are packaged in 42 ounce packs. For the retailer, dense packs mean more boxes per shelf.

☐ **Fabric Softeners:** Liquid fabric softeners are also on the outs, according to the *Private Label* study. More consumers are continuing to reach for the sheet rather than the bottle. This trend is more than likely due to the added convenience a sheet offers over the bottle, according to the study.

A recent entry by Lever — Snuggle liquid fabric softener — has, however, served to stir up the concentrated liquid fabric softener category. The product is reported to be doing well.

☐ **Dishwasher Detergent:** As the number of automatic dishwashers increases throughout the country, so have sales for dishwasher detergent. In 1978, only 42 percent of U.S. households had dishwashers, but that number has jumped to an estimated 59 percent.

To meet the growth, Colgate-Palmolive recently introduced Bright Side brand automatic dishwashing liquid. Bright Side is reportedly the first liquid dishwasher detergent to be put out by a major soap manufacturer. MM

Military Market index

COMMISSARIES

		NOVEMBER			YEAR TO DATE		
		CY'85	CY'84	% CHANGE	CY'85	CY'84	% CHANGE
	CONUS	$156,798	$152,731	2.66	$1,701,818	$1,657,250	2.69
	OVERSEAS	29,595	30,991	–4.50	292,750	328,964	–11.01
AIR FORCE*	TOTAL	**186,393**	**183,722**	**1.45**	**1,994,568**	**1,986,214**	**0.42**
	CONUS	108,990	108,045	0.87	1,174,110	1,164,135	0.86
	OVERSEAS	34,440	33,075	4.13	344,085	359,310	–4.24
ARMY	TOTAL	**143,430**	**141,120**	**1.64**	**1,518,195**	**1,523,445**	**–0.34**
	CONUS	62,410	59,043	5.70	684,969	662,358	3.41
	OVERSEAS	6,707	7,140	–6.06	75,959	78,914	–3.74
NAVY	TOTAL	**69,117**	**66,183**	**4.43**	**760,928**	**741,272**	**2.65**
	CONUS	14,764	13,838	6.69	155,304	145,677	6.61
	OVERSEAS	266	225	18.22	2,796	2,358	18.58
MARINE CORPS	TOTAL	**15,030**	**14,063**	**6.88**	**158,100**	**148,035**	**6.80**
	CONUS	263	297	–11.45	2,918	2,839	2.78
	OVERSEAS	353	278	26.98	3,280	3,039	7.93
COAST GUARD	TOTAL	**616**	**575**	**7.13**	**6,198**	**5,878**	**5.44**
	CONUS	$343,225	$333,954	2.78	$3,719,119	$3,632,259	2.39
ALL COMMISSARIES	OVERSEAS	$71,361	$71,709	–0.49	$718,870	$772,585	–6.95
	TOTAL	**$414,586**	**$405,663**	**2.20**	**$4,437,989**	**$4,404,844**	**0.75**
GROCERY STORES	U.S.[1]	$22.828	$21.343	6.96	$240.774	$230.203	4.59

* The Air Force data has been adjusted to reflect the transfer of Alaskan commissaries from the Pacific Region to the California Region because of AFCOMS reorganization, thus accounting for the large percentage change.

EXCHANGES

		NOVEMBER			YEAR TO DATE		
		CY'85	CY'84	% CHANGE	CY'85	CY'84	% CHANGE
	CONUS	$257,881	$232,237	11.04	$2,604,376	$2,521,964	3.27
	OVERSEAS	169,261	147,355	14.87	1,700,728	1,681,925	1.12
AAFES	TOTAL	**427,142**	**379,592**	**12.53**	**4,305,104**	**4,203,889**	**2.41**
	CONUS[2]	93,112	101,731	–8.47	961,166	973,987	–1.32
	OVERSEAS[2]	38,960	40,934	–4.82	401,584	405,555	–0.98
NAVY	TOTAL[2]	**132,072**	**142,665**	**–7.43**	**1,362,750**	**1,379,542**	**–1.22**
	CONUS	32,134	31,865	0.84	317,378	309,446	2.56
	OVERSEAS	5,231	4,722	10.78	53,700	52,564	2.16
MARINES	TOTAL	**37,365**	**36,587**	**2.13**	**371,078**	**362,010**	**2.50**
	CONUS[3]	7,038	6,935	1.49	73,074	68,282	7.02
	OVERSEAS[3]	506	946	–46.51	5,550	8,890	–37.57
COAST GUARD	TOTAL[3]	**7,544**	**7,881**	**–4.28**	**78,624**	**77,172**	**1.88**
	CONUS[4]	1,640	1,596	2.76	12,571	13,274	–5.30
	OVERSEAS[4]	4,365	5,780	–24.48	35,695	43,461	–17.87
MAIL ORDER	TOTAL[4]	**6,005**	**7,376**	**–18.59**	**48,266**	**56,735**	**–14.93**
	CONUS	$391,805	$374,364	4.66	$3,968,565	$3,886,953	2.10
	OVERSEAS	$218,323	$199,737	9.31	$2,197,257	$2,192,395	0.22
ALL EXCHANGES	TOTAL	**$610,128**	**$574,101**	**6.28**	**$6,165,822**	**$6,079,348**	**1.42**
DEPARTMENT STORES	U.S.[1]	$13.915	$13.533	2.82	$114.053	$108.936	4.70

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard. NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.

PECIAL REPORT: MILITARY PERSONNEL IN RESAL

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Military Market

MAGAZINE FOR THE MILITARY RETAIL SYSTEM ARMY TIMES PUBLISHING COMPANY APRIL 1986 $4 0

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Million Dollar Vendors —

The AAFES List for 1985

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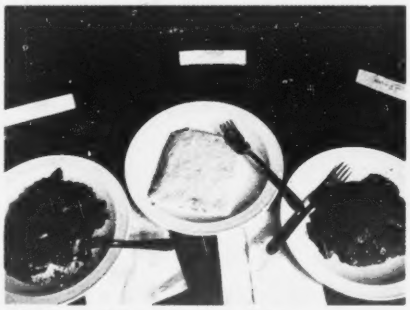
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serving the military resale system

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Veterans Canteen Service

Canteen chiefs spout off about some big problems

IT'S PRACTICALLY unanimous . . . Canteen chiefs think the worst problems plaguing the Veterans Canteen Service are poor internal communications, low morale, a lack of top leadership, contracting-out and the threat of reorganization.

"A capable director must be named, A-76 resolved and reorganization decided upon. If not soon, service will be impeded," summarized one chief.

In January, a MILITARY MARKET survey was sent to every VCS canteen chief in the country — all 172 of them. Ninety-nine were returned. This extraordinarily high rate of return indicates a lot of anxiety in the field right now.

While respondents were given the option of replying anonymously, nearly a third included their names and telephone numbers and invited us to call them for additional remarks.

Much of the survey was open-ended, but the responses generally addressed five areas:

☐ **Poor communications:** The Council of Chiefs is a advisory body of canteen chiefs, elected by their peers, who meet at the call of the agency director to discuss subjects of interest to chiefs. The Council has not been convened in more than a year.

"Central Office seems to be slipping into its own little world and no longer comprehends what happens in the real world of a canteen . . . . Has CO forgotten the Council," asked one respondent, "or don't they want feed-up?"

Another noted that "there has been no communication between Central Office and the canteens since the [House Veterans Affairs Committee] hearing was held" last September. Said someone else, "No communication to the Field Office and to the canteens is tearing a good organization apart."

A hotline, operated by Central Office, had "opened channels to air our concerns and expressions. However, it appears the hotline has been quietly discontinued," a chief said.

☐ **Low morale:** "Morale appears to be at the lowest ebb in my memory," one chief summarized.

This is causing staff erosion. "Many of my counterparts have left the VCS and gone into the private sector because of the uncertainty of their jobs and future. We are tired of being lied to and kept uninformed."

Another chief said that it's been over two years since he was visited by either supervisory or audit staff. "Putting it bluntly, I need a pat on the back or a kick in the ass to be continually motivated."

☐ **A perceived lack of top leadership at Central Office:** "We need direction and leadership badly," said one chief, summarizing many survey returns.

A large number of respondents volunteered that leadership from Central Office was lacking. Many said the agency needed to appoint a more qualified leader to serve permanently as director rather than allowing the position to remain filled by an acting director.

The top job in the Canteen Service is currently held by Dr. Robert Leyton, who has been "acting" for over a year. His superior until recently was Marjorie Quandt. (Quandt was replaced by Mansell Piper as assistant chief medical director for administration in the Veterans Administration's department of medicine and survery since this survey was distributed.)

Both Quandt and Leyton were repeatedly cited by name as causing problems for the organization.

Said one chief, "We need Dr. Leyton . . . replaced with a permanent qualified director as soon as possible. A career VCSer would be wonderful." Commented another: "Dr. Leyton has refused to discuss this issue of reorganization with me, stating that it is not my concern."

Regarding Ms. Quandt's testimony at the congressional hearings last fall, one chief commented that "What she said there and what she has tried to do to us are two different things."

☐ **Contracting-out:** There were few respondents who favor the idea of contracting out canteen-operated food services — only four out of 95 liked the idea.

Supervision problems were cited as one reason to oppose contracting-out: "It will add an extra — insulating — layer to the operation. Small complaints will thus be almost completely ignored. Medium complaints will be handled over a period of days or weeks." Said another chief, "contract administration will be cumbersome, out of touch with customers and a full-time monitoring task. All changes or innovations will have to be negotiated."

Chiefs also worry about product selection. "To be more competitive, the entire scope of food service would have to change from a full-service cafeteria to a fast food joint. I don't feel the veteran or the employee would like that type of change."

Many chiefs have already conducted studies based on the Office of Management and Budget's A-76 regulations. But even those who said their canteens would not be subject to the studies opposed contracting-out.

Contracting out "will set us back 30 years" to where the agency used to be, said one chief. "The service and the price scale would definitely change and this change would be bad!" Added another, "Anybody who knows the origin of the VCS knows that we were formed because of abuse of patients by concessionaires prior to 1946."

Nevertheless, a minority of chiefs favor contracting-out due to their frustrations with federal personnel policies. The four who indicated they favor contracting-out all cited staff problems of one sort or another. A contractor, said one, "would not be restricted by the bureaucratic personnel policies that we deal with."

☐ **The threat of reorganization.** Though all respondents indicated they knew of the possibility of reorganization in the agency, many chiefs knew so little about the plan that they said they had to reply "No" or "Don't Know" to Question No. 5.

"Virtually no information has been issued to the field," said one chief. "Communication within the Canteen Service is currently non-existent with respect to reorganization," added another. "No one has explained what the reorganization is all about — how it would help or hurt the VCS. No one says shit to anyone," said a third.

The most recent version of the plan proposes centralizing the agency by closing the three field offices. Medical center directors would subsequently assume more responsibility for the canteens at their locations. There would be a minimum of direction from CO.

One long-time chief predicted that, "once the canteen fell directly under the hospital director's control, we can kiss the canteen goodbye." Another said that hospital directors "are so busy with other services, they don't know we are alive, and they should not handle appropriated and non-appropriated funds."

Most chiefs who are familiar with the plan oppose it, they said, because past experiences with centralized management showed it was inefficient. A reorganization two-plus years ago consolidated VCS' five finance offices into a single one, and reduced the agency's five field offices down to three. "If [the next reorganization] works as well as the last one, we probably won't survive," said one chief.

There were a few chiefs — 16 out of 98 — who think VCS needs to be reorganized to boost morale and open lines of communication between the field and Central Office. But they did not agree with what is being proposed.

"Reorganization is not necessarily bad, provided control of canteen operations remains with the VCS," said one chief. He added that, "it is vital and proper that the VCS maintain a very strong relationship with each medical center director." But, he concluded, "I disagree with [Central Office's] method of achieving this through giving control to hospital directors."

The survey revealed some sourness about the three field offices. Reorganization would be good, said one chief, "because all a supervisor does is disrupt business, make changes that may or may not be good for the station, and yet we're stuck with them and have to live here." He noted that, by eliminating the middle layer of management, "canteens in the field would not be stuck with financing [field offices]."

But field offices are a necessary evil, most chiefs thought. "While I do not like to have a field supervisor breathing down my neck, there are times when their expertise is needed."

A couple of chiefs said they really weren't sure what to think about a reorganization, but it was obvious that something needs to be done. "I'm tired of all the dissension between field office, Central Office and each field operation. I don't know which side of the fence to get on . . . . Let's get on with reorganization or something."

Other problems to be addressed:

Congressional intervention: The majority of respondents saw last fall's congressional hearing as helpful in airing the agency's concerns. "Only Congress can cut out the bull now."

But other people were less confident that the hearing accomplished anything: "All it did was put everything in a hold pattern. I am up to my eyes in an A-76 study and Field Office does not know whether to shit or go blind."

Improved purchasing. Frustration was expressed with the fact that all buying decisions are made in Washington and chiefs have little control over merchandise selection. "Lift all restrictions on sales," said one chief. "I am paid a good salary to manage a cafeteria and retail store and I cannot sell merchandise that I know is in demand," added another.

Fiscal problems. Some chiefs traced the agency's fiscal problems to the reorganization two years ago which brought the regional finance offices into a single finance center in St. Louis. It was variously suggested that the regional payment centers be reinstituted, or else that financial control be brought down to the local level.

As the system is currently operated, there are hidden losses caused by lost discounts for prompt payment, one chief charged. It was also suggested that the VCS revolving fund be invested in an interest-bearing account.

Salary structures. Salaries in the canteen and elsewhere at the station should be identical for the same work, chiefs say. "In no way can a dishwasher in Dietetics be worth $3 to $4 per hour more than the employee in the VCS when the VCS employee is starting out $1 to $2 more than a dishwasher in the community."

Training: "Present VCS training guides are now considered antiques."

Career patterns: With the current structure, "Upward mobility is dead." MM

1 — How long have you been a canteen chief? **Answers ranged from 1 to 30 years. Average among 96 respondents was 9.7 years.**

2 — Were you employed by the Veterans Administration before you became a canteen chief? **Yes — 49. No — 49.** If yes, in which capacity? **Variety of answers; the majority were assistant chief-canteen service.** For how long? **49 respondents averaged 4.6 years of prior service.**

3 — In total, how many years have you worked for the Veterans Canteen Service? **Responses ranged from 2 to 35 years. Average among 95 respondents was 12.6 years.**

4 — What is the biggest change you have seen in the agency since you have been with the VCS? **See story.**

5 — VCS' central office has proposed an agency-wide reorganization. Are you familiar with these plans? **Yes — 78. No — 15. Don't know — 6.**

6 — Do you think the proposed reorganization would be good for VCS? **Yes — 16. No — 57. Don't know — 25.** Why or why not? **See story.**

7 — Do you think VCS meets its mission of providing services to the war veteran? **Yes — 94. No — 4. Don't know — 0.** Do you think VCS meets its mission of making enough profit to be a self-sustaining organization? **Yes — 86. No — 4. Don't know — 8.** Does it achieve this while providing the best possible service for the patron? **Yes — 75. No — 13. Don't know — 7.**

8 — What should VCS change so that the organization can better achieve its goals? **See story**

9 — Are there any OMB A-76 contracting-out studies going on at your canteen right now? **Yes — 47. No — 51. Don't know — 0.** Have you participated in such studies in the past, or do you expect to do any in the future? **Did in the past — 28. Will do in future — 21. No studies currently scheduled — 32.**

10 — Do you think contracting-out can improve the services your canteen gives your customers? **Yes — 4. No — 91. Don't know — 3.** Why or why not? **See story.**

11 — As a canteen chief, how do you stay in touch with your customers? **See story.**

12 — Do you feel your customers are satisfied with the services your canteen offers? **See story.**

13 — Last September, the House Veterans Affairs Committee held a hearing on VCS. Do you think the hearing was beneficial to the canteen service? **Yes — 50. No — 15. Don't know — 29.** Why or why not? **See story.**

14 — Do you think the Veterans Affairs Committee should call another hearing? **Yes — 60. No — 10. Don't know — 27.** If it does, what do you think it could accomplish? **See story.**

15 — What do you think is the primary mission of VCS? **See story.**

AAFES Million Dollar Vendors

The following is a list of the 528 suppliers who did $1 million or more worth of business with the Army and Air Force Exchange Service during FY 1985. The list includes manufacturers, brokers, construction firms and services providers.

Companies are ranked in order of total dollars.

The values shown are rounded to the nearest ten thousand dollars. For example, the first supplier on the list — the Defense Personnel Support Center — did $115,393,909.43 in business with AAFES last fiscal year. The MILITARY MARKET list of AAFES vendors shows this as $115.39.

The source for this information is official AAFES records. Photocopies of the complete list — which includes both ConUS and overseas net payments — are available by writing to MILITARY MARKET, Springfield, VA 22159.

1.	Defense Personnel Support Center	$115.39
2.	Chevron USA Inc.	$57.96
3.	Exxon Company USA	$47.61
4.	Eastman Kodak Co.	$40.77
5.	Philip Morris Inc.	$39.90
6.	R. J. Reynolds Tobacco Co.	$26.45
7.	Procter & Gamble Dist.	$24.67
8.	Beverages Foods & Svc.	$19.95
9.	Revlon Inc.	$19.69
10.	Levi Strauss & Co.	$18.55
11.	Shell Oil Co.	$17.65
12.	Coastal States Marketing	$17.41
13.	Frito-Lay Inc.	$17.35
14.	American Greeting	$17.24
15.	RCA Solid State	$15.40
16.	Texaco Inc.	$14.10
17.	Belcher Oil Co.	$14.06
18.	Anheuser-Bush Inc.	$13.91
19.	Gasco Gasoline Inc.	$13.20
20.	Promana Inc.	$13.15
21.	Panasonic West Inc.	$13.13
22.	Amoco Oil Co.	$12.95
23.	Springs Industries Inc.	$12.91
24.	Coca-Cola Exp. Corp.	$12.53
25.	Amerada Hess Corp.	$12.33
26.	The Gillette Company	$12.01
27.	General Electric Co.	$11.73
28.	Black and Decker	$11.37
29.	WEA Corp.	$10.36
30.	Acme Boot Co.	$10.21
31.	M & M Mars	$10.17
32.	Brown & Williamson	$9.87
33.	Nike Inc.	$9.82
34.	Cannon Mills	$9.81
35.	Manhattan Store	$9.79
36.	Goodyear Intl.	$9.43
37.	Max Factor & Co.	$9.28
38.	Johnson & Johnson	$9.18
39.	Weintraub Bros. & Co.	$9.07
40.	Hallmark Cards Inc.	$9.06
41.	Apple Computer Inc.	$9.03
42.	Artex Mfg. Co. Inc.	$8.94
43.	Monarch Crown Corp.	$8.76
44.	Diamond Shamrock Corp.	$8.66
45.	Canon USA Inc.	$8.45
46.	Fisher Corp.	$8.38
47.	Minnesota Mining Mfg. Co.	$8.32
48.	Polaroid Corp.	$8.11
49.	Conoco Inc.	$8.07
50.	Kayser-Roth Hosiery Inc.	$7.99
51.	Kimberly-Clark Corp.	$7.98
52.	Jockey International	$7.91
53.	CBS Records	$7.86
54.	Mattel Toys	$7.86
55.	Hanes Hosiery	$7.85
56.	NCR	$7.79
57.	Lorillard	$7.73
58.	Haggar Co.	$7.50
59.	Tolson Oil Co.	$7.35
60.	Zenith Electronics Corp.	$7.21
61.	Hershey Chocolate Co.	$6.96
62.	Elizabeth Arden	$6.78
63.	Tesoro-Alaska	$6.71
64.	Quaker State Oil	$6.70
65.	Pioneer Video Inc.	$6.69
66.	Kraft Retail Food Group	$6.66
67.	Bose Corp.	$6.56
68.	Tesoro Ref. & Marketing	$6.54
69.	Freeman Shoe Co.	$6.46
70.	Fisher-Price Toys	$6.24
71.	MCA Records Dist. Corp.	$6.11
72.	Duracell USA	$6.09
73.	Distron Dist. Center	$6.00
74.	Union Carbide Corp.	$5.97
75.	Stuart Hall Co., Inc.	$5.92
76.	ARA Services DF	$5.89
77.	Oroamerica	$5.67
78.	Sharp Electronic Corp.	$5.50
79.	Nabisco Inc.	$5.46
80.	American Tobacco Co.	$5.27
81.	Firestone Tire & Rubber	$5.25
82.	Bell Fuels	$5.18
83.	Colgate Palmolive Co.	$5.13
84.	Miller Brewing Co.	$5.10
85.	Kenwood Electronics Inc.	$5.09
86.	MTD Products Inc.	$5.04
87.	Int'l. Playtex Inc.	$5.01
88.	Creighton Shirt Co. Inc.	$5.01
89.	Derossi & Son Co.	$4.96
90.	Maidenform Inc.	$4.94
91.	Liz Claiborne Inc.	$4.79
92.	Military & Spec. Markets	$4.75
93.	Rubbermaid Inc.	$4.73
94.	E. J. Brach & Sons	$4.73
95.	Burlington (R) Socks	$4.73
96.	Health-Tex Inc.	$4.70
97.	Airway Ind. Inc.	$4.64
98.	NCR Micrographics Systems	$4.60
99.	General Services/Administration	$4.55
100.	N. S. Meyer Inc.	$4.53
101.	General Foods Corp.	$4.50
102.	Hanes Knitwear	$4.44
103.	Toshiba America Inc.	$4.26
104.	Vanco	$4.23
105.	Arrow Co.	$4.22
106.	Amana Refrigeration Inc.	$4.21
107.	Estee Lauder Intl. Inc.	$4.21
108.	Oscar Mayer & Co.	$4.16
109.	Carnation Co.	$4.12
110.	Corning Glass Works	$4.04
111.	Pan American Dia Corp.	$4.03
112.	John K. Kealy Co.	$4.03
113.	U. S. Tobacco Co.	$4.03
114.	Seven-Up Enterprises	$4.01
115.	Dr. Pepper Bev. Sales Co.	$3.99
116.	Prestolite Battery Div.	$3.98
117.	Sandberg & Sikorski	$3.96
118.	Coleco Ind. Inc.	$3.94
119.	Kraft Inc.	$3.93
120.	Action Industries Inc.	$3.90
121.	S. C. Johnson & Son Inc.	$3.88
122.	Fieldcrest Mills Inc.	$3.84
123.	Hoover Co.	$3.84
124.	Samsonite Furniture Co.	$3.81
125.	Berkline Corp.	$3.81
126.	Singer Co.	$3.76
127.	Wolverine World Wide	$3.76
128.	Baskin Robbins Inc.	$3.73
129.	Total Petroleum Inc.	$3.72
130.	Beaird-Poulon/Weed Eatr	$3.72
131.	Bordon De Pr	$3.71
132.	Brigade Brands Ltd	$3.67
133.	Life Savers Inc.	$3.63
134.	L'Eggs Products	$3.63
135.	Nabisco Brands USA	$3.60
136.	Oster Corp.	$3.58
137.	S. H. S. Garment Inc.	$3.53
138.	Lever Bros Co.	$3.53
139.	Russell Corp.	$3.51
140.	Huffy Corp.	$3.44
141.	Minolta Corp.	$3.41
142.	Sletten Construction Co.	$3.36
143.	William Carter Co.	$3.35
144.	Pennzoil Company	$3.35
145.	Nabisco Inc.	$3.35
146.	Armour and Company	$3.31
147.	Richardson-Vicks Inc.	$3.29
148.	Cove Shoe Co.	$3.29
149.	Jeffries Hosiery	$3.27
150.	Sony Corp. of America	$3.27
151.	Harry Sugerman Inc.	$3.26
152.	Commodore Business Machines	$3.26
153.	Vanguard Mil. Equip. Corp.	$3.24
154.	Mobil Oil Credit Corp.	$3.23
155.	IBM Corp.	$3.21
156.	Sunmark Ind.	$3.20
157.	Sanyo Electric Inc.	$3.19
158.	M. J. Soffe Co. Inc.	$3.17
159.	Lighthouse Ind. For Blind	$3.13
160.	Timex Corp.	$3.11
161.	Texas Instruments	$3.10
162.	Dexter Shoe Co.	$3.10
163.	Seiko Time Corp.	$3.08
164.	IRA Green Inc.	$3.07
165.	Intercraft Ind. Corp.	$3.07
166.	Capitol Records Inc.	$3.07
167.	Kenner Prod. Co.	$3.01
168.	Magicolor Paint Co.	$2.98
169.	Chevron Chemical Co.	$2.98
170.	Quaker Oats Co.	$2.96
171.	Charles of the Ritz	$2.96
172.	Kiwi Polish Co. USA Div.	$2.95
173.	Original Designs Inc.	$2.94
174.	Stedman Corp.	$2.93
175.	ITT Continental Baking	$2.92
176.	Liggett & Meyers Tob. Co.	$2.91
177.	Polygram Dist. Inc.	$2.90
178.	Selchow & Righter Co.	$2.90
179.	Pendleton Woolen Mills	$2.88
180.	Campbell Soup Co.	$2.85
181.	Kangaroos USA Inc.	$2.85
182.	Reebok International Ltd	$2.84
183.	Coleman Co.	$2.82
184.	M. Fabrikant and Son	$2.82
185.	C. Lloyd Johnson Co. Inc.	$2.81
186.	Martin Mfg Co. Inc.	$2.81
187.	Bulova Watch Co. Inc.	$2.81
188.	Regal Ware Inc.	$2.81
189.	The Stroh Brewery Co.	$2.77
190.	Atlas Chain Co.	$2.76
191.	Sunbeam Leisure Prod. Co.	$2.76
192.	Audiovox Corp.	$2.73
193.	Sonoco Products Co.	$2.72
194.	Mennen Co.	$2.72
195.	Union Underwear Co.	$2.71
196.	Wilson Foods Corp.	$2.63
197.	New Balance Athletic	$2.62
198.	Lee Company	$2.62
199.	Hilex Poly Co. Inc.	$2.62
200.	Geo. A. Hormel & Co.	$2.60
201.	J. G. Durand Int'l.	$2.59
202.	The Nestle Co. Inc.	$2.58
203.	M. Cotler Co.	$2.57
204.	Elkay Industries	$2.57
205.	DNP America Inc.	$2.56
206.	Carter-Wallace Inc.	$2.54
207.	Citizen Watch Co.	$2.54
208.	Roadmaster Corp.	$2.53
209.	Beecham Products	$2.53
210.	Ekco Housewares Co.	$2.52

211.	L'Oreal	$2.50
212.	Keebler Co.	$2.48
213.	Vanity Fair Mills Inc.	$2.47
214.	AT&T Consumer Products	$2.45
215.	Eureka Company	$2.43
216.	Pennex Products Co. Inc.	$2.42
217.	Russell Hosiery Mills	$2.42
218.	Questor Juvenile Products	$2.42
219.	Mobil Chemical Co.	$2.41
220.	Tomy Corp.	$2.40
221.	Kellogg Sales Co.	$2.39
222.	Casio Inc.	$2.38
223.	Etonic Inc.	$2.37
224.	Buster Brown Apparel Inc.	$2.35
225.	General Mills Inc.	$2.35
226.	M & M Luggage Co. Inc.	$2.34
227.	Hitachi Sales Corp. America	$2.33
228.	Hamilton Beach	$2.32
229.	Tysons Foods Inc.	$2.31
230.	London Fog	$2.31
231.	Fisher Nut Co.	$2.28
232.	Chesebrough-Ponds Inc.	$2.27
233.	Whirlpool Corp.	$2.24
234.	Rayette Division	$2.23
235.	Douglas E. Barnhart Inc.	$2.22
236.	Chic Hosiery Corp.	$2.22
237.	Finance/Acct. Officer	$2.20
238.	Pillowtex Corp.	$2.18
239.	Anchor Hocking Corp.	$2.15
240.	Kirsch Co.	$2.12
241.	Campus Sportswear	$2.11
242.	Wembley Ind. Inc.	$2.11
243.	Morgen & Oswood Const.	$2.11
244.	Lasko Metal Products	$2.11
245.	General Motors Corp.	$2.10
246.	JVC-US Corp.	$2.10
247.	Oneida Ltd.	$2.09
248.	Northern Electric Co.	$2.09
249.	Parker Pen Co.	$2.08
250.	A. W. Mendenhall Co. Inc.	$2.08
251.	Whitehall Laboratories	$2.07
252.	Capital Mercury Shirt	$2.06
253.	Ocean Pacific Longrider	$2.06
254.	Hazel	$2.06
255.	Shulton Inc.	$2.05
256.	Sansui Electronics Corp.	$2.05
257.	Waterford Crystal	$2.05
258.	Leslie Fay Inc.	$2.04
259.	Warner Cosmetics Inc.	$2.04
260.	G. H. Bass & Co.	$2.04
261.	Cosco/Peterson	$2.03
262.	Glaser Brothers	$2.03
263.	Amdahl Corporation PR	$2.02
264.	Sweetheart Products Group	$2.01
265.	Russ Togs Inc.	$2.01
266.	Remington Products Inc.	$2.01
267.	Toastmaster Inc.	$2.00
268.	Best Foods	$2.00
269.	Champion Lab Inc.	$2.00
270.	Sunbeam Appl. Svc. Co.	$2.00
271.	Mikasa	$1.98
272.	Farah Mfg. Co.	$1.98
273.	Champion Spark Plug Co.	$1.96
274.	Master Lock Co.	$1.95
275.	Pearce-Trawick Contract	$1.93
276.	Wearever-Proctor Silex	$1.93
277.	Autry Ind. Inc.	$1.93
278.	Kendall Co.	$1.92
279.	Maybelline	$1.92
280.	Stride Rite Corp.	$1.92
281.	Wm. Wrigley Jr. Co.	$1.91
282.	Aircap Mfg. Co.	$1.91
283.	Pentax Corp.	$1.91
284.	Prince Matchabelli	$1.90
285.	Donmoor Inc.	$1.89
286.	Pony Spts. & Leisure Inc.	$1.89
287.	Sinclair Marketing Inc.	$1.85
288.	Fashion Fair Cosmetics	$1.84
289.	Brown Shoe Company	$1.83
290.	American Safety Razor	$1.83
291.	Foster Grant Corp.	$1.83
292.	Tappan Appliance	$1.82
293.	BASF Systems Corp.	$1.80
294.	Int'l. Seaway Trading Co.	$1.79
295.	Brother Intl. Corp.	$1.78
296.	Westbend Co.	$1.77
297.	Crest Craft Co.	$1.77
298.	Sunkist Soft Drinks In.	$1.76
299.	Lenox Inc.	$1.75
300.	Monet Jewelers Inc.	$1.75
301.	James River Corp.	$1.75
302.	L. M. Sandler & Sons Inc.	$1.74
303.	Jovan Inc.	$1.74
304.	Unipacific Corp.	$1.73
305.	Sealy Mattress Co.	$1.73
306.	Utility Chemical Co.	$1.72
307.	Davis Clothing Co.	$1.72
308.	Bali Co.	$1.72
309.	Estech Inc.	$1.71
310.	J. B. L. Inc.	$1.70
311.	A & M Records	$1.70
312.	Wilton Enterprises Inc.	$1.69
313.	York Electronics Corp.	$1.68
314.	B. F. Goodrich Co.	$1.68
315.	Shire Magnetics Co.	$1.67
316.	Smith-Corona	$1.67
317.	Facciola Meat Co.	$1.67
318.	Russ Berrie & Co. Inc.	$1.66
319.	Hunt-Wesson Foods Inc.	$1.66
320.	Nikon/Ehrenreich Photo	$1.66
321.	Ralston Purina Co.	$1.65
322.	Marx & Newman Co.	$1.65
323.	Northern Petrochemical	$1.64
324.	Anderson/Organic-Hyponx	$1.64
325.	Foremost Dairies Inc.	$1.64
326.	Puritan Fashions Fin. Co.	$1.64
327.	Maxell Corp. of America	$1.64
328.	Thermos Div.	$1.63
329.	Alberto-Culver Co.	$1.63
330.	Hasbro Ind. Inc.	$1.61
331.	Peter Paul Cadbury Inc.	$1.60
332.	Chase Chem. Co.	$1.60
333.	Holson Co.	$1.60
334.	American Lock Co.	$1.59
335.	Hummelwerk	$1.59
336.	R. J. Sperry Co.	$1.59
337.	Direct Import Corp.	$1.58
338.	Hightower & Co. Inc.	$1.58
339.	Atlas Processing Co.	$1.57
340.	Members Only	$1.57
341.	Tonka Corp.	$1.56
342.	Cochran Construction Co.	$1.56
343.	Hamilton Watch Co.	$1.55
344.	Rival Mfg. Co.	$1.55
345.	J. P. Stevens & Co. Inc.	$1.54
346.	A. T. Cross Co.	$1.54
347.	Almet/Lawnlite	$1.53
348.	North Slope Technical	$1.53
349.	Danal/Access Assoc. Inc.	$1.52
350.	Skil Corp.	$1.51
351.	Polo Fashions Inc.	$1.50
352.	Plough Inc.	$1.50
353.	Whitmans Chocolates Div.	$1.49
354.	Jack Hilliard Dist.	$1.48
355.	W. H. Mosely Co. Inc.	$1.47
356.	Sport-Obermeyer Ltd.	$1.47
357.	Sony Corp. Of America	$1.47
358.	Moore Mfg. Inc.	$1.47
359.	Sperry Top-Sider Inc.	$1.44
360.	Tucker Housewares	$1.44
361.	Smoke Craft Inc.	$1.43
362.	Koret of California Inc.	$1.43
363.	Ajay Enterprises Corp.	$1.43
364.	Russell Stover Candies	$1.42
365.	Vendo Co.	$1.42
366.	Bullfrog Knits Inc.	$1.42
367.	A. H. Robins Co.	$1.42
368.	Weather Tamer Prod.	$1.41
369.	A & W Beverages Inc.	$1.40
370.	Olympic Const. Inc.	$1.40
371.	Foster Western Inc.	$1.40
372.	Stainless Inc.	$1.40
373.	Army Times Publishing Co.	$1.38
374.	Sale Knitting Co.	$1.38
375.	Burma-Bibas Inc.	$1.38
376.	Bernard Cap Co. Inc.	$1.38
377.	Parker Brothers	$1.38
378.	Murray Ohio Mfg. Co.	$1.38
379.	Bic Pen Corp.	$1.37
380.	Jordache Enterprises	$1.37
381.	Wings Intl. Luggage Corp.	$1.37
382.	Town & Country	$1.37
383.	Gold Eagle Prod. Co.	$1.35
384.	Vita-Fresh Vitamin Co.	$1.34
385.	Saranac Glove Co. Inc.	$1.34
386.	O. M. Scott & Sons Co.	$1.33
387.	Pepsi Cola - Gen. Btlr.	$1.33
388.	Bigelow-Sanford Inc.	$1.32
389.	Flying J Inc.	$1.32
390.	Pulsar Time Inc.	$1.31
391.	T.A.B. Mens Accessories	$1.31
392.	Tyson Metal Products	$1.30
393.	Club Prod. Co.	$1.30
394.	Pepsi-Cola Bottling Co.	$1.30
395.	White Stag Mfg. Co.	$1.29
396.	CFS Continental Foods	$1.29
397.	Economics Laboratory Inc.	$1.28
398.	Toombs and Co. Inc.	$1.28
399.	Vivitar Corp.	$1.27
400.	Automatic Prod. Co.	$1.27
401.	Amerencan Home Foods	$1.27
402.	Atlas Dist. Co.	$1.27
403.	Fedders Corporation	$1.26
404.	Western Publishing	$1.25
405.	Chanel Inc.	$1.25
406.	Standard Colorprint	$1.25
407.	Westclox U.S.	$1.24
408.	Pacific Trail Inc.	$1.23
409.	Buckner and Moore Inc.	$1.23
410.	Sherling Imports Inc.	$1.23
411.	Revere Copper and Brass	$1.23
412.	Bobbie Brooks Inc.	$1.23
413.	Milton Bradley Co.	$1.22
414.	R. D. Lowman General Con.	$1.22
415.	Brigade Quartermasters	$1.22
416.	Harper Leather Goods	$1.21
417.	Hortex Inc.	$1.21
418.	London Star Limited	$1.21
419.	Dixie-Riverside Inc.	$1.20
420.	St. Joseph Packaging In.	$1.19
421.	The Bibb Company	$1.19
422.	Sterling Dist. Inc.	$1.19
423.	Berkey Film Processing	$1.19
424.	Melnor Industries	$1.19
425.	Del Monte Corp.	$1.19
426.	Glencort Inc.	$1.18
427.	Gidden Distributing Co.	$1.18
428.	Izod	$1.17
429.	Custom Sales & Service	$1.17
430.	Randolph Engineering	$1.17
431.	Binney & Smith Inc.	$1.17
432.	U. S. Playing Card Co.	$1.17
433.	Noxell Corporation	$1.16
434.	Hygiene Industries	$1.16
435.	Converse Inc.	$1.16
436.	Garan Inc.	$1.16
437.	Allergan Pharm. Inc.	$1.16
438.	S. Lichtenberg & Co. Inc.	$1.15
439.	U. S. Shoe Corp.	$1.15
440.	Soft Sheen Prod. Inc.	$1.15
441.	Kaepa Inc.	$1.14
442.	Magnacolor Photo Labs	$1.14
443.	Pabst Brewing Co.	$1.14
444.	Golden Apple Exports	$1.14
445.	Pierre Cardin Chemise	$1.14
446.	Napier Co.	$1.14
447.	Brakebush Brothers Inc.	$1.13
448.	Paul L. Dodds Co.	$1.13
449.	Music and Horth	$1.13
450.	Goody Products Inc.	$1.12
451.	Pfizer Inc.	$1.12
452.	Dennison Mfg. Co.	$1.12
453.	Bastian-Blessing	$1.12
454.	Howard W. Pence Inc.	$1.12
455.	Menley & James Labs	$1.12
456.	North American Philips	$1.11
457.	Nat'l. Distr. Co.	$1.11
458.	Coats & Clarks SLS Corp.	$1.11
459.	Tambrands Inc.	$1.10
460.	Mead Products	$1.10
461.	M & M Products Co.	$1.10
462.	Bausch & Lomb	$1.10
463.	Leviton Mfg. Co.	$1.10
464.	The Florsheim Shoe Co.	$1.09
465.	Speidel Div. Textron Inc.	$1.09
466.	Jordache for Kids	$1.09
467.	Child Craft	$1.09
468.	Aberdeen Sportswear	$1.09
469.	Muscogee News Co.	$1.09
470.	Rubbermaid Speciality	$1.08
471.	Pendleton Flour Mills	$1.08
472.	I-Ski Skiglasses	$1.08
473.	Tomboy of Calif.	$1.08
474.	Igloo Corp.	$1.08
475.	Jensen Sound Labs	$1.08
476.	Cal Sport	$1.08
477.	Zodiac Trading Co.	$1.08
478.	Coca Cola Botlg. Co.	$1.08
479.	Klipsch	$1.07
480.	JFC International Inc.	$1.07
481.	Ennervision Enterprises	$1.06
482.	Bausch & Lomb	$1.06
483.	Miles Laboratories Inc.	$1.06
484.	Totes Inc.	$1.06
485.	Richheimer/Hachsler	$1.05
486.	TDK Electronics Corp.	$1.05
487.	Jaymar-Ruby Inc.	$1.05
488.	Teledyne Water Pik	$1.05
489.	Keystone Camera Corp.	$1.05
490.	Three Mountaineers Inc.	$1.05
491.	Seymour Div.	$1.04
492.	H. K. Schaeffer & Co.	$1.04
493.	Anderson News Company	$1.04
494.	B & B Beverage Co.	$1.04
495.	Banquet Foods Corp.	$1.04
496.	Robin Undies	$1.04
497.	Lane Limited	$1.03
498.	Weiner News Company Inc.	$1.03
499.	CPM Construction Inc.	$1.03
500.	Fabil Mfg. Corp.	$1.03
501.	Bally Case & Cooler Inc.	$1.03
502.	Isla Petroleum	$1.03
503.	CBS Toys	$1.03
504.	Scholl Inc.	$1.02
505.	Prince Mfg. Inc.	$1.02
506.	Weber-Stephen Prod. Co.	$1.02
507.	Diversified Prod.	$1.02
508.	Vidal Sassoon Inc.	$1.02
509.	Bahlsen of No. Amer. Inc.	$1.02
510.	Puritan Sportswear Corp.	$1.02
511.	Soundesign Corp.	$1.01
512.	Harold Freeman Jewelry	$1.01
513.	Jacqueline Cochran Inc.	$1.01
514.	Susan Crane Inc.	$1.00
515.	Pepsi Cola Bottling Co.	$1.00
516.	Sweda Intl.	$1.00
517.	Rolfs Personal Leather	$0.99
518.	Iodent Co.	$0.99
519.	New Attitude	$0.99
520.	J. L. Prescott Co.	$0.99
521.	C. D. et Cie	$0.98
522.	PRF Corp.	$0.98
523.	Radiator Specialty Co.	$0.98
524.	Johnson Products Co. Inc.	$0.98
525.	Cidro Sales Corp.	$0.97
526.	Sysco Food Systems	$0.97
527.	Certified Corp.	$0.97
528.	Royal Business Machines	$0.97

Military Market index

COMMISSARIES

		DECEMBER			YEAR TO DATE		
		CY'85	CY'84	% CHANGE	CY'85	CY'84	% CHANGE
	CONUS	$157,509	$149,352	5.46	$1,859,326	$1,806,601	2.92
	OVERSEAS	34,020	31,854	6.80	326,770	360,817	-9.44
AIR FORCE*	TOTAL	**191,529**	**181,206**	**5.70**	**2,186,096**	**2,167,418**	**0.86**
	CONUS	110,145	110,040	0.10	1,284,255	1,274,175	0.79
	OVERSEAS	35,280	35,070	0.60	379,365	394,380	–3.81
ARMY	TOTAL	**145,425**	**145,110**	**0.22**	**1,663,620**	**1,668,555**	**–0.30**
	CONUS	72,918	76,088	–4.17	757,887	738,446	2.63
	OVERSEAS	8,444	9,477	–10.90	84,404	88,391	-4.51
NAVY	TOTAL	**81,362**	**85,565**	**–4.91**	**842,291**	**826,837**	**1.87**
	CONUS	14,609	14,612	–0.02	169,913	160,289	6.00
	OVERSEAS	278	263	5.70	3,074	2,621	17.28
MARINE CORPS	TOTAL	**14,887**	**14,875**	**0.08**	**172,987**	**162,910**	**6.19**
	CONUS	260	293	–11.26	3,177	3,133	1.40
	OVERSEAS	187	281	–33.45	3,467	3,320	4.43
COAST GUARD	TOTAL	**447**	**574**	**–22.13**	**6,644**	**6,453**	**2.96**
	CONUS	$355,441	$350,385	1.44	$4,074,558	$3,982,644	2.31
ALL	OVERSEAS	$78,209	$76,945	1.64	$797,080	$849,529	–6.17
COMMISSARIES	TOTAL	**$433,650**	**$427,330**	**1.48**	**$4,871,638**	**$4,832,173**	**0.82**
GROCERY STORES	U.S.[1]	$23.532	$22.733	3.51	$264.292	$252.936	4.49

* The Air Force data has been adjusted to reflect the transfer of Alaskan commissaries from the Pacific Region to the California Region because of AFCOMS reorganization, thus accounting for the large percentage change

EXCHANGES

		DECEMBER			YEAR TO DATE		
		CY'85	CY'84	% CHANGE	CY'85	CY'84	% CHANGE
	CONUS	$324,008	$331,424	–2.24	$2,928,384	$2,853,388	2.63
	OVERSEAS	196,764	196,339	0.22	1,897,492	1,878,265	1.02
AAFES	TOTAL	**520,772**	**527,763**	**–1.32**	**4,825,876**	**4,731,653**	**1.99**
	CONUS[2]	121,278	116,261	4.32	1,082,444	1,090,248	–0.72
	OVERSEAS[2]	50,495	47,171	7.05	452,079	452,726	–0.14
NAVY	TOTAL[2]	**171,773**	**163,432**	**5.10**	**1,534,523**	**1,542,974**	**–0.55**
	CONUS	36,643	34,972	4.78	354,021	344,418	2.79
	OVERSEAS	6,116	5,991	2.09	59,815	58,555	2.15
MARINES	TOTAL	**42,759**	**40,963**	**4.38**	**413,836**	**402,973**	**2.70**
	CONUS[3]	9,270	8,570	8.17	82,344	76,852	7.15
	OVERSEAS[3]	648	1,064	–39.10	6,198	9,954	–37.73
COAST GUARD	TOTAL[3]	**9,918**	**9,634**	**2.95**	**88,542**	**86,806**	**2.00**
	CONUS[4]	1,563	1,849	–15.47	14,134	15,123	–6.54
	OVERSEAS[4]	4,420	5,307	–16.71	40,115	48,768	–17.74
MAIL ORDER	TOTAL[4]	**5,983**	**7,156**	**–16.39**	**54,249**	**63,891**	**–15.09**
	CONUS	$492,762	$493,076	–0.06	$4,461,327	$4,380,029	1.86
	OVERSEAS	$258,443	$255,872	1.00	$2,455,699	$2,448,268	0.30
ALL EXCHANGES	TOTAL	**$751,205**	**$748,948**	**0.30**	**$6,917,026**	**$6,828,297**	**1.30**
DEPARTMENT STORES	U.S.[1]	$21.004	$20.348	3.22	$135.081	$129.284	4.48

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard. NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges, exchange sales include concession volume.

C8910-1

Military Market

MAGAZINE FOR THE MILITARY RETAIL SYSTEM
ARMY TIMES PUBLISHING COMPANY
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East and West

Update on Marine Corps Commissaries

Mary Wood, director, Marine Corps East Coast Commissary Complex

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Richard Majeski, director, Marine Corps West Coast Commissary Complex

Notes on the ALA Conference

Market Reports — Latest Pictures from the Las Vegas Photo Show And Newest Tastes on the Beer and Soda Scene

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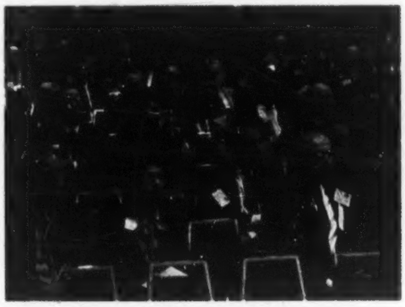

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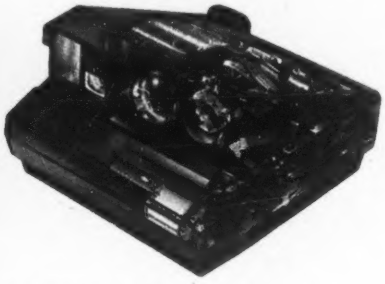

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COVER PHOTOGRAPHS BY KATE PATTERSON AND BY TRACY WOODWARD

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serving the military resale system

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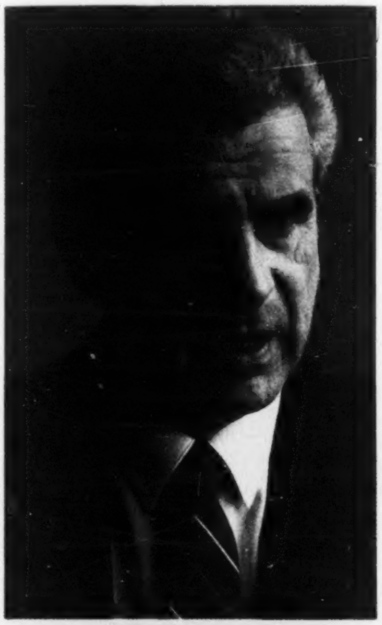
system of the month



EAST AND WEST

> Majeski:
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> "The commissary officer is a very different breed of cat. It is a thankless job, in most cases. They work very, very hard . . . to get the job done."

WHILE SALES EVERYWHERE else on the commissary scene ring up flat and people groan about Gramm-Rudman budget cuts, Marine Corps commissaries will have another excellent year for sales — *without additional resources.*

One reason the Marines will outperform everybody else, officials told MILITARY MARKET recently, has been the centralization of procurement, distribution and paperwork functions that has come about with the creation of the service's two complexes.

The Marine Corps Commissary Service Branch began complexing in the late 1970's. This has involved centralizing various store functions and the installation of a commissary management information system.

Mary Wood is director of the East Coast commissary complex; Richard Majeski is director of the West Coast commissary complex.

For the past two years, the West Coast complex has had sales growth over 20 percent, boasted Majeski, "while other services were reporting either dips or stagnant sales."

In her office at Camp Lejeune, N.C., Wood said that sales in the East Coast stores are doing well, too — there's been a 4.8 percent increase in fiscal 1986 sales through January.

(The East Coast figures include sales for all of the complex's five original stores, plus December and January sales for the Albany, Ga., commissary. Albany joined the East Coast complex in December.)

Wood added that, in terms of the growth rate, "this figure is a lot lower than last year — we are still growing."

She predicted that this year's sales growth will exceed that of last year, once the Quantico, Va., store enters the complex on June 1.

The Benefits of Complexing

For the East and West Coast complexes, centralization has meant more efficient operations and better service and savings for the patron.

Centralized procurement has been a real benefit, both directors agreed.

Said Majeski: "By . . . running distribution centers, we can respond faster and take better care of our stores."

Before complexing, Wood told MILITARY MARKET during an interview, each store in the East Coast bought items individually. "We will now buy for seven stores. Any time you can buy in volume versus on an individual basis, you have patron savings."

Purchasing power has definitely increased in the East. Total purchasing power just a year ago was $54 million, Wood said. With the addition of the Albany and Quantico stores, that power leaps to between $80 million and $90 million.

system of the month

How does the Marine Corps Commissary Service Branch perform so well, despite budget cuts? Yes, small, highly centralized groups — like the East and West Coast Complexes — do help. But will present success spoil future growth? Officials are concerned that they may lose more than a few good commissary officers to the other services, because of lower Marine Corps grades for the same positions.

Associate Editor Anne Roketenetz provides an update with Richard Majeski, director, West Coast Commissary Complex, and Mary Wood, director, East Coast Commissary Complex.

"That equals $80 million in sales for seven stores," she said, "and I hope it [sales growth] doesn't stop there."

Similar benefits have been reaped on the West Coast, Majeski said during an interview. When the complex was begun in 1979, sales for the year were about $42 million, "with the 6 percent surcharge imbedded into that figure. Last year our sales were in excess of $65 million — without the surcharge," he told MILITARY MARKET.

This, Majeski said, "really speaks highly of the system, especially when you consider they [Marine Corps headquarters] did not add one additional body to our manpower. That large an amount — without any added personnel — is terrific."

From the point of view of the stores, said Wood, centralization has *enhanced* — not eliminated — individuality. Consolidated distribution and procurement by the complex office, she said, gives commissaries in the complex an opportunity "to devote more time to the day-to-day operation of the store.

"They are no longer bogged down in the paperwork. That's what we are [doing for them]. We are the paper pushers. That provides all-around good patron service to everyone."

And despite centralized procurement, her complex still "accommodates what the officers want to display in their store."

The complex, she stressed, simply plays an "advisory role" in encouraging or suggesting better ways of doing business.

Servicing An Overseas Store

Wood and Majeski agreed that, for the smaller military services, centralization can work . . . and work well.

Wood said she thinks some sort of regional centralization might also be successful with a larger service.

Majeski disagreed, arguing that geographical limitations would play a part. "Once you get past 250 to a maximum of 300 miles, it really isn't cost-effective to do central distribution — unless it's a very small store that you will visit once a week. For large stores with multiple deliveries, it's just not feasible."

One of the biggest benefits of centralization, Majeski said, is the uniform pricing structure the complexes provide the stores.

He used the Iwakuni, Japan, store, which is supplied by the West Coast distribution facility at El Toro, as an example. "Here is a store that is 5,000 miles away from the El Toro, Calif., store, and it has the same prices!"

Centralized distribution has also eliminated the need for the Iwakuni store to worry about minimum order requirements. Usually vendors require an order of at least 100 cases for shipment overseas. With centralized

> *Wood:*
>
> *"They are no longer bogged down in paperwork. That's what we are [doing for them]. We are the paper pushers. That provides all-around good patron service."*

system of the month

distribution, Iwakuni orders only as many cases as it needs and avoids getting stuck with inventory that won't sell.

"Let's say the store orders 100 cases. Behind that order, there are maybe two more orders coming of 100 cases each. The first order gets to the store, and it died. It's a dog. It doesn't sell. [The commissary officer] has got that case to worry about, plus 200 more coming. So, he has to reduce the price and lose money in order to get it out of the system — or try to hang on to it and keep it in the system. But when it [the product] gets old and out of code, the vet might reject it. And he will have to throw the whole thing out."

The centralized system has enabled Majeski to reduce the shipping time on orders to Iwakuni from 90 to 100 days to about 27 days. The store sends its orders by phone after wanding the shelves, just as the ConUS stores do.

In Iwakuni, Majeski concluded, "the commissary officer is running a store in Japan 5,000 miles away as easily as most of the other services are running small commissaries."

Marine Corps MIS

The new Commissary Management Information System is also partly responsible for some of the Marines' phenomenal sales success.

Wood described it as being "one of the best I have ever seen."

Majeski agreed: "What we have today is far superior to any of the [other] services."

Marine commissary headquarters in Rosslyn, Va., recently installed its own CMIS system that is connected to the complexes and stores. Staff members are working on some new standards and programs to enhance the system service-wide, Wood said.

Majeski uses the system to run monthly reports to find slow-movers that should be dropped. These are then used at the complex's managers' meetings, he said, to help keep "the best-moving items in the system."

Unlike the other services, the Marines "don't ask the vendor to drop an item. We drop it ourselves," said Majeski. "Sometimes the vendor gets a little irritated, because he loses an item. But he also might pick one up."

Majeski is confident that vendors like these reports — even if it means they might lose an item. "They don't want a dog in the system. It takes up shelf space. They want a good seller out there."

Majeski also noted that the reports provide other valuable information. For instance, out of 3,300 items carried by the West Coast distribution center, roughly 50 percent account for about 80 percent of total sales.

On the East Coast, the CMIS produced a catalog of all blanket purchase agreement contracts. Wood said her complex is very proud of this.

The catalog, developed by the complex's data systems staff, is an itemized list of all products any BPA vendor supplies the complex with. It is helpful, she explained, because it eliminates the need for the sales representative to search through lists to check prices. Instead, a rep can look everything up at once.

Fiscal 1985 Marine Corps Commissary Sales

Location	Sales	% Growth	Hours Week
Western Complex	*64.744.776*	*7.4*	
El Toro	24.117.522	11.9	49
San Onofre	3.712.171	5.5	39
Camp Pendleton	20.911.877	5.2	44
Barstow	2.874.080	5.2	40
Twentynine Palms	7.052.946	0.4	41
Yuma	6.076.187	9.8	40
Eastern Complex	*54.902.448*	*9.2*	
Camp Lejeune			
(Hadnot Point)	13.300.271	7.9	48
(Tarawa Terrace)	14.115.356	11.8	50
New River	3.094.610	17.1	44
Parris Island	8.022.438	9.0	52
Quantico	22.645.151	6.5	48
Albany	5.319.305	1.4	45
Kaneohe Bay	12.252.939	6.9	48
Iwakuni	2.824.382	17.1	35
TOTAL	162.689.008	7.7	45.6

The complex hasn't yet figured out a dollar savings the catalog has provided, but "it has made a significant difference in the amount of time spent by the salesman in the office."

"They're in the business of selling, not paper pushing," noted Wood.

CMIS has also eliminated the need for vendors to bill each store individually, said Majeski. Instead, they now receive a single accounts receivable report from the complex office.

And when a vendor visits the West Coast complex, "he doesn't need to go into the warehouse and take inventory [of his stock]. Our system gives him the inventory when he walks in the door." CMIS provides inventory information based on records of orders received, counted and store orders, said Majeski.

Now, for the vendors, "there's no more having to climb around on pallets" in the warehouse.

The Story on Scanning

Despite the advances made, not one of the service's stores is scanning yet. Majeski and Wood told MILITARY MARKET they anticipate all stores to be scanning within a year.

Wood said the Marines won't test a system. All Marine Corps commissaries will go on line all at once.

"It's been tested to death," she said. "What's the point of doing it again? We are going right into it."

Marine commissary branch headquarters is working a contract for installing and training personnel to use scanning, Wood said.

Thereafter, the two directors eagerly await scanning's ability to put pricing in the hands of the complexes. To conserve manpower, said Majeski, there will be a single person in each complex making price changes, rather than each store doing its own.

Price changes made at the complex office will then be transferred into each store's system, he said.

In the other services, each store uses someone to make price changes.

To develop the Marines' scanning system, "We took a look at all the other services and took the best from each," said Majeski.

Upgrading Manpower

The Marines have an ongoing program to make sure that all available resources — including people — are being used in the most efficient way, both directors told MILITARY MARKET.

With no additional resources in sight for the near future, headquarters has been reviewing the findings of manpower surveys which were conducted by the complexes during the past year. The surveys are designed to determine whether a store, based on its size and sales volume, is overstaffed or understaffed.

"We have about 800 positions in the Marine Corps [commissaries], but we have no real standards to say, 'OK, for X size store you need X number of people,' " explained Majeski.

With the aid of these, he said, the Marines should be able to beat the lack of resources, while still maintaining a good sales growth.

One thing the West Coast complex has done to conserve resources, said Majeski, has been to "make people work smarter." For example, it uses many more part-time employees than some of the other services.

The West Coast complex has 200 full-time employees and 156 part-timers. This doesn't include the store in Kaneohe Bay, Hawaii, which joined the West Coast complex this April.

Many of the part-timers work 24 to 30 hours a week. This, said Majeski, "is a maximum utilization of these part-time people."

Majeski predicts that even more part-timers will be used in the future, if the Marines don't get more resources soon. "We are already bareboned. We are close to collapsing, if they cut us more."

Marine commissary headquarters is working to upgrade positions in the field, so they are equivalent to those in the other services.

Upgrades are critical to the system, stressed Majeski: the Marines are so far behind the other services that they may lose some good people.

"Joe [Jeu, commissary program manager] knows that, if we don't upgrade in the Marine Corps, we may lose some very fine commissary officers to the other services, because the other services are looking all the time," said Majeski.

The Air Force may have a GS-12 or GS-13 graded person running a store doing $2 million a month. A comparable Marine commissary officer might be only a GS-10 or GS-11.

"The commissary officer is a very different breed of cat," Majeski said. "It is a thankless job, in most cases. They work very, very hard and oftentimes more than eight hours a day to get the job done."

Majeski, whose own position was recently upgraded to GM-15, said Jeu is finding it difficult to reach his goal.

"I feel very bad about that, and so does Joe," said Majeski. "He is working very hard to get that resolved." Majeski predicted that Jeu "probably will be successful" in his efforts.

None of the East Coast staffers has been upgraded yet.

Down the Road

Although neither complex expects any additional resources in the near future, the two look forward to construction and other changes.

On the East Coast, Wood said she and her staff await the "challenge" of bringing the Quantico store on line with the complex. Plans call for working with the store most of June to get it familiarized with CMIS and other changes that complexing will bring.

Wood is also looking forward to the new distribution center scheduled to be built at Camp Lejeune in fiscal 1989. Already chosen, but lacking final approval, the site is on the edge of the base off the main route that runs through the base's area. It was chosen for its location to reduce tractor trailer traffic on the base.

The new facility will cost approximately $6 million to build and will provide an estimated 64,000 square feet of warehouse space and 45,000 square feet of administration space, Wood said. The complex office will be co-located with the warehouse.

On the West Coast, Majeski anticipates the opening of a new store in Japan. Built by the Japanese government, the store is expected to be ready for operation in December.

Majeski also awaits a new store at Twentynine Palms, Calif., and hopes those plans will "go on the drawing board sometime this year."

The project has been delayed a bit, he said, because of cost concerns. "We just built a store at Barstow, Calif., for just over $2 million. We plan on building Twenty-nine Palms for $3.2 million." Compared to the other services, such construction is relatively cheap.

"We don't go for any gingerbread. It's kind of plain and simple," he said. "It's a building for a purpose."

With the April addition of the Kaneohe Bay, Hawaii, store, the West Coast is establishing a "minicomplex." Bills will be paid by the complex, but orders will not have to run through the complex.

This "minicomplex" is a way to save on transporatation costs from the West Coast to Hawaii. "It is a minicomplex in the sense that the way the orders are produced is the same way the orders are produced in my West Coast complex. Orders will be produced there and written for the vendors. The item will be brought directly into the warehouse, and we will pay the bills."

BY TRACY WOODWARD

SEMPER ON-LINE: Mary Wood, director, and Dolan Brown, data systems manager, work with the Marine Corps' computer system. *Wood described it as being "one of the best I have ever seen."*

The two complexes are also busy testing new concepts. Wood said her complex is the first grocery business to test a Sterling Software computer program designed for purchase orders to be transmitted electronically from complex to vendor.

The test began this spring.

Meanwhile, the West Coast prepares to test tray-ready beef at Camp Pendleton, Calif. The meat comes pre-cut in cryogenically sealed trays. A meat market worker only needs to unwrap the item and then rewrap it.

Majeski said the test will look at quality and price and will determine whether or not its use can reduce labor costs. Virtually no meat cutters are needed with this type of system.

Use of tray-ready beef "will give us more flexibility in the meat department" by freeing up more people for other areas of the store, he said.

"Anything that can save us manpower dollars we are always looking for. That's important to us. It should be. Our main objective is to take care of that patron," Majeski said.

"We are all one big family. We are trying to achieve the same goal, and that's to give better service to our patrons." MM

Military Market index

COMMISSARIES

		JANUARY			YEAR TO DATE		
		CY'86	CY'85	% CHANGE	CY'86	CY'85	% CHANGE
	CONUS	$165,569	$154,955	6.85	$165,569	$154,955	6.85
	OVERSEAS	28,162	30,574	−7.89	28,162	30,574	−7.89
AIR FORCE	TOTAL	**193,731**	**185,529**	**4.42**	**193,731**	**185,529**	**4.42**
	CONUS	109,725	106,470	3.06	109,725	106,470	3.06
	OVERSEAS	34,335	31,710	8.28	34,335	31,710	8.28
ARMY	TOTAL	**144,060**	**138,180**	**4.26**	**144,060**	**138,180**	**4.26**
	CONUS	59,507	55,724	6.79	59,507	55,724	6.79
	OVERSEAS	6,497	6,557	−0.92	6,497	6,557	−0.92
NAVY	TOTAL	**66,004**	**62,281**	**5.98**	**66,004**	**62,281**	**5.98**
	CONUS	14,645	14,343	2.11	14,645	14,343	2.11
	OVERSEAS	252	235	7.23	252	235	7.23
MARINE CORPS	TOTAL	**14,897**	**14,578**	**2.19**	**14,897**	**14,578**	**2.19**
	CONUS	261	291	−10.31	261	291	−10.31
	OVERSEAS	355	323	9.91	355	323	9.91
COAST GUARD	TOTAL	**616**	**614**	**0.33**	**616**	**614**	**0.33**
	CONUS	$349,707	$331,783	5.40	$349,707	$331,783	5.40
ALL	OVERSEAS	$69,601	$69,399	0.29	$69,601	$69,399	0.29
COMMISSARIES	TOTAL	**$419,308**	**$401,182**	**4.52**	**$419,308**	**$401,182**	**4.52**
GROCERY STORES	U.S.[1]	$22.379	$21.003	6.55	$22.379	$21.003	6.55

EXCHANGES

		JANUARY			YEAR TO DATE		
		CY'86	CY'85	% CHANGE	CY'86	CY'85	% CHANGE
	CONUS	$204,691	$185,785	10.18	$204,691	$185,785	10.18
	OVERSEAS	148,827	135,388	9.93	148,827	135,388	9.93
AAFES	TOTAL	**353,518**	**321,173**	**10.07**	**353,518**	**321,173**	**10.07**
	CONUS[2]	58,750	62,350	−5.77	58,750	62,350	−5.77
	OVERSEAS[2]	27,709	30,558	−9.32	27,709	30,558	−9.32
NAVY	TOTAL[2]	**86,459**	**92,908**	**−6.94**	**86,459**	**92,908**	**−6.94**
	CONUS	20,615	20,857	−1.16	20,615	20,857	−1.16
	OVERSEAS	4,324	4,344	−0.46	4,324	4,344	−0.46
MARINE CORPS*	TOTAL	**24,939**	**25,201**	**−1.04**	**24,939**	**25,201**	**−1.04**
	CONUS[3]	5,453	5,138	6.13	5,453	5,138	6.13
	OVERSEAS[3]	406	444	−8.56	406	444	−8.56
COAST GUARD	TOTAL[3]	**5,859**	**5,582**	**4.96**	**5,859**	**5,582**	**4.96**
	CONUS[4]	1,363	1,054	29.32	1,363	1,054	29.32
	OVERSEAS[4]	3,635	2,863	26.96	3,635	2,863	26.96
MAIL ORDER	TOTAL[4]	**4,998**	**3,917**	**27.60**	**4,998**	**3,917**	**27.60**
	CONUS	$290,872	$275,184	5.70	$290,872	$275,184	5.70
	OVERSEAS	$184,901	$173,597	6.51	$184,901	$173,597	6.51
ALL EXCHANGES	TOTAL	**$475,773**	**$448,781**	**6.01**	**$475,773**	**$448,781**	**6.01**
DEPARTMENT STORES	U.S.[1]	$8.003	$7.644	4.70	$8.003	$7.644	4.70

* Marine Corps exchange sales reflect the fact that there were 28 sales days in January 1985 and 26 sales days in January 1986.

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard. NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.

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Military Marke

MAGAZINE FOR THE MILITARY RETAIL SYSTEM ARMY TIMES PUBLISHING COMPANY UNE 198

To Market! To Market!

New Marketing Confidence at AAFES

SALE
APRIL 17
SALE
Your favorite
combo
with your choice

s staff, marketing director Ron Wulff gives a thumbs up to the reorganiza

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COMMISSARY
SALES REPS.

Market Reports

Health & Beauty Aids: [illegible] O-T-C;
And, Yes, Get Ready for Christmas

The Costs (Real and Hidden) of
Doing Business with the Military

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serving the military resale system

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TSA asked to drop minimum for clubs

The Army Troop Support Agency will be asked to drop the $500 minimum purchase requirement put on charge purchases from commissaries by post non-appropriated fund activities.

The proposal is one of several Gen. John A. Wickham, Army chief of staff, has presented to Army theater commanders in an effort to aid NAF activities, such as officer and NCO clubs which now face financial problems.

TSA put the $500 minimum restriction into effect in August, 1985, as a way to reduce paperwork costs resulting from numerous NAF charges.

But a Department of Defense official, who asked not to be identified, said that the limit was invoked because TSA had problems collecting funds from some NAF operations.

Wickham has asked theater commanders to respond to the proposals, including one that calls for lifting the minimum charge restriction.

Maj. Gen. Robert M. Joyce, commanding general of the Army's Community and Family Support Center, told MILITARY MARKET in a recent interview that several individual base commanders have commented on the proposal.

Joyce is acting as liasion between theater commanders and Wickh[illegible]. He said no theater commanders have yet responded.

Some individual base commanders are concerned that lifting the restriction will only create more of a paperwork inconvenience than it would benefit NAF operations.

Joyce told MILITARY MARKET that no direct monetary savings would occur for the clubs themselves, if the limit were reduced or eliminated.

"It appears the bottom line is a trade off in administrative costs between the seller and the buyer. In this case, the seller [Army commissaries] has shifted the administrative costs associated with paying cash for small purchases to the buyer [clubs]," Joyce said.

A formal request to change the restriction limit is expected to be sent to TSA shortly, Joyce said.

The actual amount of purchases made at commissaries by clubs and other NAF activities depends on the size of the store, the activity and their location, Joyce said.

Ready to Shop

MSgt. Wayne Selfridge and his wife Elaine cut the ribbon for the new commissary at Loring AFB, Maine. Sgt. Selfridge is the Senior NCO of the Year for 1985. Looking on (LEFT to RIGHT): Richard Theriault, commissary officer, Col. John T. Sheperd, commander, 42nd Bomb Wing, Randy Epps, store manager, Maj. Gen. M. Gary Alkire, AFCOMS commander, and Col. Johnnie L. Vaught.

Expanded hours make only slight impact on commissary sales

Expanded hours of operation at Air Force commissaries have resulted in sales increases of over 2 percent. But similarly expanded hours at Army and Navy stores have shown negligible changes, according to agency spokespeople.

Sales climbed 2.48 percent during the June–October period in 1985 at nine ConUS AFCOMS stores that increased their hours, according to an Air Force Commissary Service official.

The additional hours increased the number of customer transactions by 3.35 percent.

Sales at the nine ConUS stores that began Sunday operations increased by 3.06 percent during the same period. Customer count increased 9.6 percent.

The stores that did not increase their hours reported a slight decrease in sales of 0.03 percent.

AFCOMS' Wee Serv stores also experienced similar sales and transaction growth, but figures were not available. Wee Servs are located at Maxwell AFB, Ala., Lowry AFB, Colo., and Wright-Patterson AFB, Ohio.

At the Troop Support Agency, hours were expanded in 22 Army stores worldwide last year, according to Bob Hunt, agency spokesman. TSA added a total of 152 hours to those stores, but neither sales nor customer transactions increased.

Hunt said sales may not have increased because patrons are only shopping at different hours and not necessarily purchasing more.

A spokeswoman for NAVRESSO said that the Navy increased hours at eight stores by a total of 18½ hours in 1985. She said the increase in hours had a slight impact on sales and customer flow. Figures are not available.

Do the hours make a difference?

	Total Increased Hours	Stores With Increased Hours	Percentage Of Increased Sales	Percentage Increase In Patron Count
AFCOMS *	n/a	9	2.48	3.35
TSA **	152	22	n/a	n/a
NAVRESSO **	18.5	8	n/a	n/a

* Sales from June to October, 1985. ** Sales for fiscal 1985.

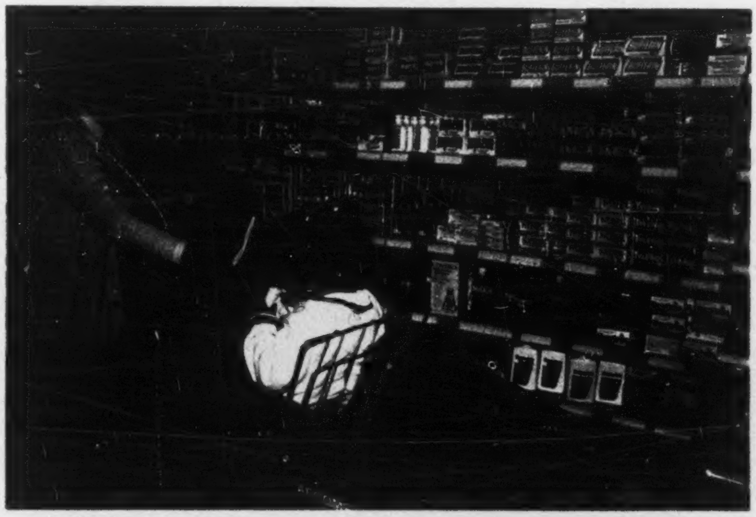
Do Sunday hours make a difference?

	Stores Open Sundays (June–Oct. 1985)	Percent Sales Increase For Sunday Openings	Percentage Increase In Patron Count
AFCOMS	9	3.06	9.6

market report

Rx Goes Over the Counter

From behind the counter to over the counter, drugs like ibuprofen have a loyal following, pushing the self-treatment trend right up to the sales register. Markets for cold and allergy remedies, vitamins, hair care, show signs of health. Ethnic H&BA is active, diverse. And will the military man accept male skin care?



BY KATE PATTERSON

By ANNE ROKETENETZ
Associate Editor

THE SELF-TREATMENT trend is growing as prescription drugs move from behind the counter and onto the over-the-counter drug market.

Manufacturers of o-t-c health aids are taking advantage of the Food and Drug Administration's delisting of prescription drugs by recognizing that sometimes consumer loyalty to a product is strong enough to follow it almost anywhere.

"We are a pill-popping generation," one market insider told MILITARY MARKET.

Mass media advertising of o-t-c health products has aided in promoting this self-treatment mode of thinking, he said. "You always see people popping pills on television. We think it's OK."

The fact that many products are going non-prescription "gives more cause for a consumer to latch onto a product" that contains a drug once available by prescription only, said Steve Mitchem, military sales manager for A.H. Robins.

"Anytime you 'consumerize' a product through the media, you get more people trying that product," he said.

Undoubtedly, the most popular and best selling products in this market are the ibuprofen-based analgesics Advil, manufactured by American Home Products, and Nuprin, made by Bristol-Myers.

Ibuprofen was available only by prescription until a little more than a year ago. Today, these two analgesics have taken a bite from the traditional aspirin and nonaspirin pain reliever segment, according to market observers.

According to trade press reports, sales figures show ibuprofen gained 9 percent of the $1.7 billion pain reliever market since its introduction.

Though that gain is considered good for a new product, some analysts anticipated more. Still others estimated ibuprofen-based pain relievers would gain as much as 15 to 20 percent of the market in their first year.

Advertising Age reports that Advil leads Nuprin in market shares, 6 percent to 2.5 percent. Those figures will undoubtedly change when the two manufacturers lose their exclusive U.S. marketing rights this summer.

Despite the entry of ibuprofen into the o-t-c market, Glen Hoffman, H&BA buyer for NAVRESSO, told MILITARY MARKET the $100 million dollar analgesic segment is still flat.

Hoffman attributes some of this to the declining sales Johnson & Johnson has faced with its Tylenol brand. Sales declined — although the company will not indicate by how much — after several people died from taking cyanide-tainted capsules. "This has thrown a monkey wrench into sales," said Hoffman.

While it has been proven that the deadly poison was added to Tylenol bottles after manufacture, J&J has pulled its capsule version of Tylenol from the market and is replacing it with caplets to regain customers. Though the medication has always been available in caplets, Hoffman said, the company will have to do some fairly heavy promotion to get former capsule users to turn to caplets.

Gesundheit for Colds, Allergies

One segment of the market that has very healthy signs is cold and allergy remedies. The growth is coming from prescription to o-t-c switches. Sales figures for 1985 show a growth of 12 percent over '84.

A.H. Robins' Dimetapp, a prescription drug that went o-t-c last June, is doing very well, for example. It has already captured 7½ percent of the market, said MSM Mitchem.

"Dimetapp is the No. 1 cold and allergy medication in drug stores and the No. 2 seller in food and drug stores combined," Mitchem boasts.

The No. 1 product in the cold and allergy segment is Actifed, manufactured by Burroughs Wellcome Co., and introduced to the o-t-c market three years ago. Actifed carries an 8 percent market share in sales in food and drug stores combined.

"Because of loyal prescription users, these items are perceived from an efficacious standpoint as being stronger than any of the other brands already out there," Mitchem said.

Besides being a former prescription drug, Mitchem also says Dimetapp's quick success came from a "record flu and cold year."

NO, THAT'S NOT CAMOUFLAGE: Will men's skin care catch on in the barracks?

Skin Care: Will Military Men Go for It?

Even as industry insiders point to tremendous growth in the men's skin care segment of the H&BA market, observers of the military market say the trend hasn't really caught on in the barracks.

According to *Advertising Age*, the men's skin care segment jumped 15 percent in 1984.

In the skin care category, the best sellers appear to be skin bronzers, wrinkle removers, eye creams and facial scrubs and masques. Moisturizers and beard softeners are also hot ticket items.

Jan Stuart is a manufacturer of men's skin care products that would like to get into the military, according to Fred Jagodzinski, the company's divisional marketing director.

From the Jan Stuart line, men can purchase a skin care program — for their skin type — that includes a shaving/cleansing creme, aftershave/astringent, day moisturizer, a night creme/beard softener and a facial masque or scrub.

The company also has a similar line that will work on any type of skin.

Jagodzinski told MILITARY MARKET that it is important that these skin care products are not considered cosmetics. "Cosmetic is a taboo word in this industry. We don't want the men to feel they are wearing makeup."

One leading line of men's skin care products, available in some West Coast Navy exchanges, is Interface. The California-based company promotes its four step skin care program as "the framework for a successful face."

A company spokeswoman said Interface has been shipping into exchanges for about a year.

NAVRESSO's H&BA buyer, Glen Hoffman, confirmed that Interface is available in a limited number of West Coast exchanges. But, he said, the products aren't really selling well. "It's been nice, but it's been no big deal."

There's one thing that has changed in the business of men's skin care items and colognes, say industry observers. Men — not girlfriends or wives — are now doing most of the buying. — A.R.

PHOTOS BY TRACY WOODWARD

market report

Sales of Health & Beauty Aids, Cosmetics and Fragrancies By Military Exchanges in 1985

Department	United States	Overseas	Worldwide
Health & Beauty Aids	$201,263,900	$ 83,163,900	$284,427,800
Cosmetics & Fragrancies	$ 84,865,000	$ 30,459,500	$115,324,500

The record cold year also boosted sales of the company's Robitussin brand cough expectorant by 8 percent over last year. Still, the $370 million market overall is flat, he said.

Calcium: The Latest Awareness

On the vitamin shelf, price still remains the major factor in sales, said buyers MILITARY MARKET interviewed.

Although A.H. Robins markets only four types of vitamins — three B-complex brands and one zinc brand — said Mitchem, he sees more consumers reading labels and reaching for the private labels and generics.

"The military [especially] devotes much more shelf space to vitamins than do civilian retail stores," he said, adding that the military tends to be more health conscious.

The latest trend in vitamins is calcium and calcium-based supplements. Manufacturers are spending big bucks to educate the consumer on the benefits of calcium in preventing weak bones in older women.

"Manufacturers have done a great job of educating consumers in this area," said Mitchem.

According to NAVRESSO's Hoffman, the calcium trend has hit the market even harder than the zinc fad of several years ago.

Sales figures for the entire vitamin market have shown calcium sales to have jumped 50 percent in the past several years, according to trade press reports.

Home Testers and Kits

A relatively new segment within the o-t-c market to watch are early detection home health tests for pregnancy and other conditions.

According to both Hoffman and AAFES H&BA buyer Steve Kimple, home pregnancy tests and kits to detect colon cancer are growing in popularity.

"The biggest item [for AAFES] has been the blood pressure kits," said Kimple.

"There are other products of this nature coming down the line as o-t-c diagnostic tools for customers," NAVRESSO's Hoffman told MILITARY MARKET. "It is a category that's starting to grow and could become as large as $100 million over the next five years," he estimated.

Other o-t-c areas where consumer education is beginning to pay off for o-t-c manufacturers include menstrual pain and stress relievers. With the recognition of premenstrual syndrome (PMS), market shares have grown from 5 percent of the pain reliever market in 1983 to about 20 percent now, *Advertising Age* reports.

Touting Tartar Fighters

There's really not anything new in the toothpaste segment of the H&BA market, said one insider, except for the way manufacturers are marketing things.

The latest trend is tartar controllers. Tartar is the chemical and mineral buildup that usually forms on adult teeth.

With its introduction of Crest Tartar Control brand toothpaste, Procter & Gamble was the first to take the tartar control route. P&G's move served to boost its lead in the toothpaste market, which it led by only 1.5 percent over Colgate's 28 percent. It now has 16.7 percent more share of the market.

Since its introduction last June, Crest Tartar Control has captured an estimated 14 percent of the total toothpaste market.

"Anytime something new, improved, better tasting or having a new quality is introduced, it fuels consumer brushing," said one buyer.

One area of dental care often overlooked but of significant value, said NAVRESSO's Hoffman, is toothbrushes. Hoffman said the angled brush is still popular. Sales in the Navy alone account for about half a million dollars annually.

The Hair Manipulation Boom

Today's hairstyles have had two major effects on the haircare market: there's been a rebirth of hairspray and a boom in temporary coloring products.

Haircare buyers for NAVRESSO and AAFES agree the biggest trend to hit the haircare market in awhile is the temporary hair coloring kits companies such as Clairol and Vidal Sasson are marketing.

The colors are vibrant, said AAFES' Kimple and the purchaser is generally young, said NAVRESSO's Hoffman.

Temporary colors "allow a woman to have the Madonna look on Saturday evening and the business look on Monday morning," Hoffman said.

"The colors are trendy and temporary," he added, and guessed that the market could well exceed the $100 million mark before the end of 1986.

There has also been the resurgence of hairsprays and hair gels as a result of today's styles, said Hoffman. And though mousses are still popular, he adds, the market has literally been saturated with market entries. As a result, there are many brands dropping out.

market report

Ethnic Market: "More Educated And Aware of What's Available"

The ethnic health and beauty aid business is becaming recognized by the military as one of the fastest growing categories in the total H&BA market.

Lafayette Jones is executive director of the American Health and Beauty Aids Institute. It represents makers of ethnic H&BA products. Jones said that last year's sales showed a seven-percent growth in the ethnic H&BA market.

The military accounts for much of that growth, he said, because blacks account for 20 percent of the military's population.

"Now is the time for the military to recognize the ethnic market, especially the black consumer," Jones told MILITARY MARKET in a telephone interview.

Blacks are also "more educated and aware of what's available," he said. "This influences their purchasing habits."

Ethnic H&BA plays another important role in the military market he said: they "hold the morale of the troops together."

In March, the Army and Air Force Exchange Service, which already has an extensive brand name ethnic H&BA program, introduced four AAFES brand private label haircare products to the ethnic sections of its exchanges.

The products are a hairfood, a moisturizer, oil sheen and activator, Anna Ransom, AAFES' ethnic H&BA buyer, told MILITARY MARKET.

Although the items have been on the market only a few months, Ransom said "from all indications, sales have been good." But, she added, "we can't be sure if it is just the intital impact or not."

In the overall ethnic H&BA market, haircare products account for about 41 percent of sales, AHBAI's Jones said.

AAFES' Ransom said the exchange agency is touting the new private label brands for their economical value. The AAFES brand oil, moisturizer and activator are all available in a 16 ounce size, instead of the standard 8, 10 and 12 ounces that national brands use.

The hairfood product is sold in the standard 4½ ounce size.

AAFES maintains a seperate ethnic H&BA section away from the regular H&BA items, said Ransom, so ethnic consumers can find those products more easily.

"AAFES' decision to separate the ethnic items from the others is an intelligent one, because retailers have done this for years," Jones said. "Ethnic shoppers have been trained by the retail world to shop for these items in this fashion."

Ransom also said AAFES wants to expand its ethnic cosmetic section to include some lesser-priced items now entering the market.

In 1985, AAFES sold $13,323,000 in ethnic haircare and beauty products, said Ransom.

Although "ethnic" primarily refers to blacks, AHBAI's Jones explained that these types of cosmetics are designed to meet the needs of a variety of skin tones.

Black skin varies in color, with about 33 different tones, he said. These range from blue-black to ivory white. As a result, he said, many product users are of Spanish, Indian, oriental and sometimes even white descent.

Ethnic H&BA products are also available in some Navy exchanges, said Glenn Hoffman, NAVRESSO H&BA buyer. Whether a store carries ethnic H&BA, Hoffman said, depends on whether the exchange region feels there is product demand.

NAVRESSO carries about 50 haircare items for those stores that do stock these products.

Like AAFES, NAVRESSO merchandises ethnic H&BA in a section separate from regular H&BA items, said Hoffman. — A.R.

When it comes to choosing shampoos and conditioners, said Kimple, price and value are becoming important factors. Kimple told MILITARY MARKET the trend he sees is a shrinking medium-priced market, while sales and popularity have increased in the lower-priced and premium-priced products.

Particularly popular, Kimple said, are those lower-priced hair products that have strong brand identification, like Gillete's White Rain.

Manufactures of premium-priced products are leaning towards fragrance as a selling point for shampoos and conditioners, said Hoffman. "Anytime a manufacturer has a new, improved or better smelling hair product, people will try it to look better," Hoffman said.

Care for Younger-Looking Skin

Although most major cosmetic industry trade publications report the latest trend in skin care to be products that promote younger-looking faces, NAVRESSO's Hoffman said he doesn't think that trend has hit the military yet.

Lotions to reduce wrinkles and lines and help replenish older and weathered skins are becoming more popular, he agrees, but he said he thinks these potentially high-profit items won't come into full swing for another year.

Advertising Age magazine reported that 1984 figures for facial creams, powders and suncare lotions totaled $2.3 billion. That was an increase of 9.5 percent from 1983.

In the skin toners, fade creams and astringent segment, growth rates for the same time were 7.3 percent in a $1.1 billion market.

Trends that remain popular at the cosmetics shelf, said Hoffman, include body glitters, cheek glosses and eye makeup.

Also, some cosmetics makers are turning to packaging as a way to increase sales. Coty, for example, a division of Pfizer, just introduced its Color Focus Kit. The kit contains three different eyeshadows color-coordinated with a blush and lipstick.

Other changes, such as creams and cleansers in pump bottles and new sizes, are designed for convenience — something today's consumer regards heavily while making purchasing decisions. MM

Navy's Million-Dollar List

Last year, Navy exchanges were served by 117 suppliers, who did over $1 million worth of business with the system.

The companies listed in alphabetical order below are those that received their payments at a *single* address. Organizations that have multiple billing addresses are not included in this list, even if *total* company billings were more than $1 million, since NAVRESSO's computer cut-off point was $1 million.

The sales are for NAVRESSO's fiscal year ending January 1986. *Amounts are in millions of dollars.*

Ethan Allen Inc.	$1.59
American Brands Inc.	7.47
Anheuser Busch	5.58
Apple Computer Inc.	6.56
ARA Services (Magazine and Book Div.) San Diego	1.69
ARA Services (Magazine and Book Div.) Norfolk	2.55
Elizabeth Arden Inc.	2.07
The Arrow Co.	1.76
Balfour Inc.	1.34
BASF Systems	1.62
Baskin Robbins Inc.	1.05
Beverages Foods & Service Industries Inc.	2.92
Black & Decker Housewares Group	2.57
Black & Decker	1.28
The Bose Corp.	1.78
E.J. Brach & Sons	1.55
Brigade Brands Ltd.	1.44
Brown & Williamson Tobacco Corp.	6.71
Campus Sweater & Sportswear Co.	1.42
Canon U.S.A. Inc.	2.28
Casio Inc.	1.02
The Catalogue Group Inc.	1.90
Chevron Chemical Co.	1.10
Concept Systems Inc.	1.49
Coca Cola Export Corp.	2.57
Colgate Palmolive Co.	1.15
Coast Distributing Co.	1.48
Coleco Industries Inc.	1.28
Conoco Inc.	5.73
Creighton Inc.	6.17
Davis Clothing Co.	2.69
Dexter Shoe Co.	1.13
Diversified Products Corp.	1.08
Eastman Kodak Co.	10.02
Encore Entertainment	1.94
Eurpac East	5.38
Eurpac West	3.23
Exxon Co. USA	4.44
Farah Manufacturing Co.	1.57
Fieldcrest Mills	1.64
Firestone Tire & Rubber Co.	1.74
Fisher Price Toys Inc.	1.32
Fisher Corp.	2.81
Forget Me Not Cards	1.91
Frito Lay Inc.	3.06
General Electric Co.	1.72
Gillette Co.	3.44
Goodyear Tire & Rubber Co.	1.64
Haggar Co.	1.99
Robert Hale & Associates	1.78
Hallmark Cards Inc.	5.27
Hanes Corp. (Hosiery Div.)	2.14
Hanes Corp. (Knitwear Div.), Pasadena	1.19
Hanes Corp., Charlotte	2.03
Health Tex Inc.	2.49
Hershey Chocolate Co.	1.39
Hoffman Beverage Co.	1.11
The Hoover Co.	1.43
Huffy Corp.	1.91
International Playtex	1.58
Jockey International	1.18
C. Lloyd Johnson Co.	3.20
S.C. Johnson & Son Inc.	1.14
Johnson & Johnson	1.72
John K. Kealy Co.	2.95
Kimberly Clark Corp.	1.12
Leggs Products Inc.	1.10
Lever Brothers Co.	1.34
Liggett & Meyers Tobacco Co.	5.20
B. Lippman	2.05
Jonathan Logan	1.03
LondonTown Corp.	1.01
Lorillard Corp.	5.09
Maiden Form Inc.	1.46
James River Dixie Marathon	1.05
Mattel Inc.	1.88
Mercury Luggage Mfg. Co.	1.16
Miller Brewing Co.	3.02
Minolta Corp.	1.75
M&M Mars	2.26
Monarch Crown Corp. (Clairol)	2.01
Philip Morris Inc.	28.78
Nabisco Brands Inc.	1.02
Nike Inc.	3.57
Old Dominion Tobacco Co. Inc.	1.30
Pauling & Co.	2.08
Pauling Overseas	1.03
Pendleton Woolen Mills	1.58
Pepsi Cola Bottling Co. (San Diego)	1.13
Pioneer Electronics	2.19
Polaroid Corp.	2.13
Procter and Gamble	8.76
RCA Sales Corp.	3.95
R.J. Reynolds Tobacco Co.	23.88
Revlon Inc.	4.39
Rubbermaid Inc.	1.19
Samsonite	1.55
Sansui Electronics Corp.	1.23
Sanyo Electric Inc.	1.31
Seagoing Uniform Corp.	3.48
Sharp Electronics Corp.	4.88
S&K Sales Co.	2.09
Southern Apparel Co.	2.73
N.V. Spring Inc.	1.18
Levi Strauss	7.35
Sycamore Mfg. Co.	1.22
System Development Corp.	1.47
Timex Corp.	1.83
Union Carbide Corp.	2.37
Vanguard Industries West	1.87
Vanguard Military Equipment Corp.	2.99
Velva Sheen Mfg. Co.	1.14
Warner Lambert Co.	1.13
Whirlpool Corp.	5.14
Williams Carter Co.	1.15
Wolverine World Wide (Bates Military Div.)	6.82
Zenith Electronics Corp.	1.58

Military Market index

COMMISSARIES

		FEBRUARY			YEAR TO DATE		
		CY'86	CY'85	% CHANGE	CY'86	CY'85	% CHANGE
	CONUS	$141,731	$137,662	2.96	$307,300	$292,618	5.02
	OVERSEAS	28,216	28,097	0.42	56,377	58,671	–3.91
AIR FORCE	TOTAL	**169,947**	**165,759**	**2.53**	**363,677**	**351,289**	**3.53**
	CONUS	97,965	96,390	1.63	207,690	202,860	2.38
	OVERSEAS	31,920	29,085	9.75	66,255	60,795	8.98
ARMY	TOTAL	**129,885**	**125,475**	**3.51**	**273,945**	**263,655**	**3.90**
	CONUS	58,921	59,644	–1.21	118,427	115,368	2.65
	OVERSEAS	6,596	6,414	2.84	13,094	12,972	0.94
NAVY	TOTAL	**65,517**	**66,058**	**–0.82**	**131,521**	**128,340**	**2.48**
	CONUS	12,039	12,114	–0.62	26,684	26,457	0.86
	OVERSEAS	267	249	7.23	520	485	7.22
MARINE CORPS	TOTAL	**12,306**	**12,363**	**–0.46**	**27,204**	**26,942**	**0.97**
	CONUS	236	274	–13.87	497	565	–12.04
	OVERSEAS	286	284	0.70	640	607	5.44
COAST GUARD	TOTAL	**522**	**558**	**–6.45**	**1,137**	**1,172**	**–2.99**
	CONUS	$310,892	$306,084	1.57	$660,598	$637,868	3.56
	OVERSEAS	$67,285	$64,129	4.92	$136,886	$133,530	2.51
ALL COMMISSARIES	TOTAL	**$378,177**	**$370,213**	**2.15**	**$797,484**	**$771,398**	**3.38**
GROCERY STORES	U.S.[1]	$20.688	$19.640	5.34	$43.437	$40.780	6.52

EXCHANGES

		FEBRUARY			YEAR TO DATE		
		CY'86	CY'85	% CHANGE	CY'86	CY'85	% CHANGE
	CONUS	$224,149	$209,886	6.80	$428,839	$395,672	8.38
	OVERSEAS	157,280	142,926	10.04	306,107	278,314	9.99
AAFES	TOTAL	**381,429**	**352,812**	**8.11**	**734,946**	**673,986**	**9.04**
	CONUS[2]	78,182	82,433	–5.16	136,932	144,783	–5.42
	OVERSEAS[2]	32,602	33,348	–2.24	60,311	63,906	–5.63
NAVY	TOTAL[2]	**110,784**	**115,781**	**–4.32**	**197,243**	**208,689**	**–5.48**
	CONUS	28,630	27,918	2.55	49,245	48,776	0.96
	OVERSEAS	4,586	4,557	0.64	8,910	8,901	0.10
MARINE CORPS*	TOTAL	**33,216**	**32,475**	**2.28**	**58,155**	**57,677**	**0.83**
	CONUS[3]	6,230	6,171	0.96	11,683	11,309	3.31
	OVERSEAS[3]	464	476	–2.52	870	920	–5.43
COAST GUARD	TOTAL[3]	**6,694**	**6,647**	**0.71**	**12,553**	**12,229**	**2.65**
	CONUS[4]	1,541	1,325	16.30	2,904	2,380	22.02
	OVERSEAS[4]	3,205	3,667	–12.60	6,840	6,530	4.75
MAIL ORDER	TOTAL[4]	**4,746**	**4,992**	**–4.93**	**9,744**	**8,910**	**9.36**
	CONUS	$338,732	$327,733	3.36	$629,603	$602,920	4.43
	OVERSEAS	$198,137	$184,974	7.12	$383,038	$358,571	6.82
ALL EXCHANGES	TOTAL	**$536,869**	**$512,707**	**4.71**	**$1,012,641**	**$961,491**	**5.32**
DEPARTMENT STORES	U.S.[1]	$8.058	$7.769	3.72	$16.012	$15.398	3.99

* Marine Corps exchange sales reflect the fact that there were 31 sales days in February 1985 and 33 sales days in February 1986.

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard. NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.

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ARMY TIMES PUBLISHING COMPANY
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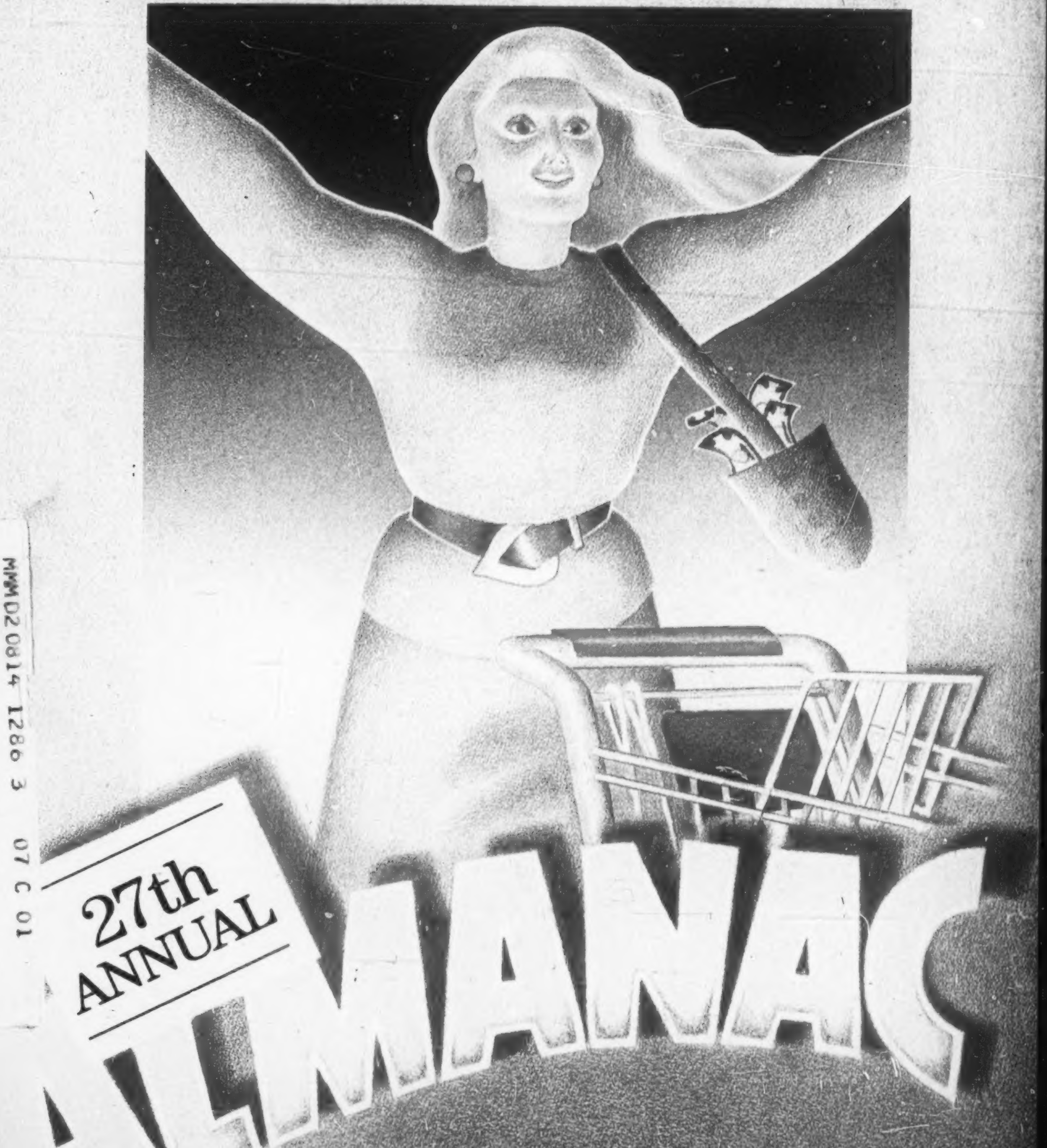

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27th ANNUAL ALMANAC

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- The Exchange Geography of AAFES
- Good Morning, Inspector General (Oh, Darn!)

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serving the military resale system

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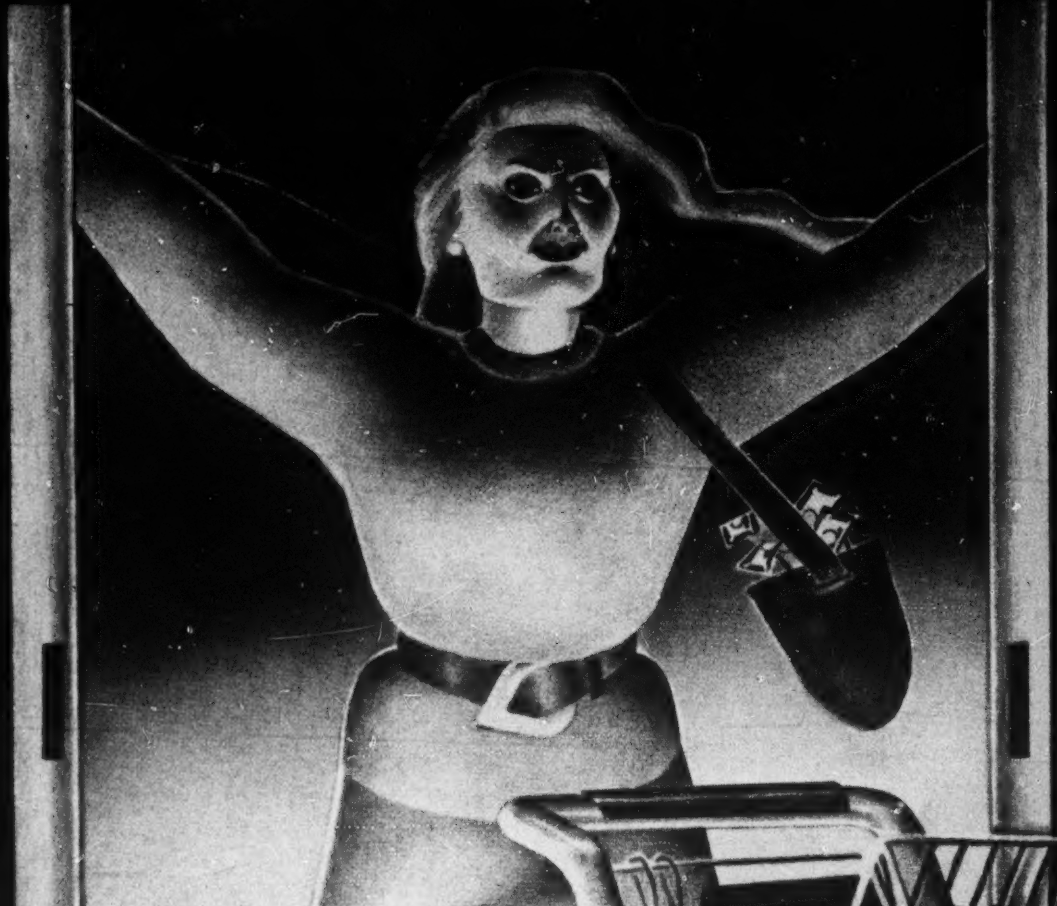

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Military Market

ALMANAC

THE MARKET

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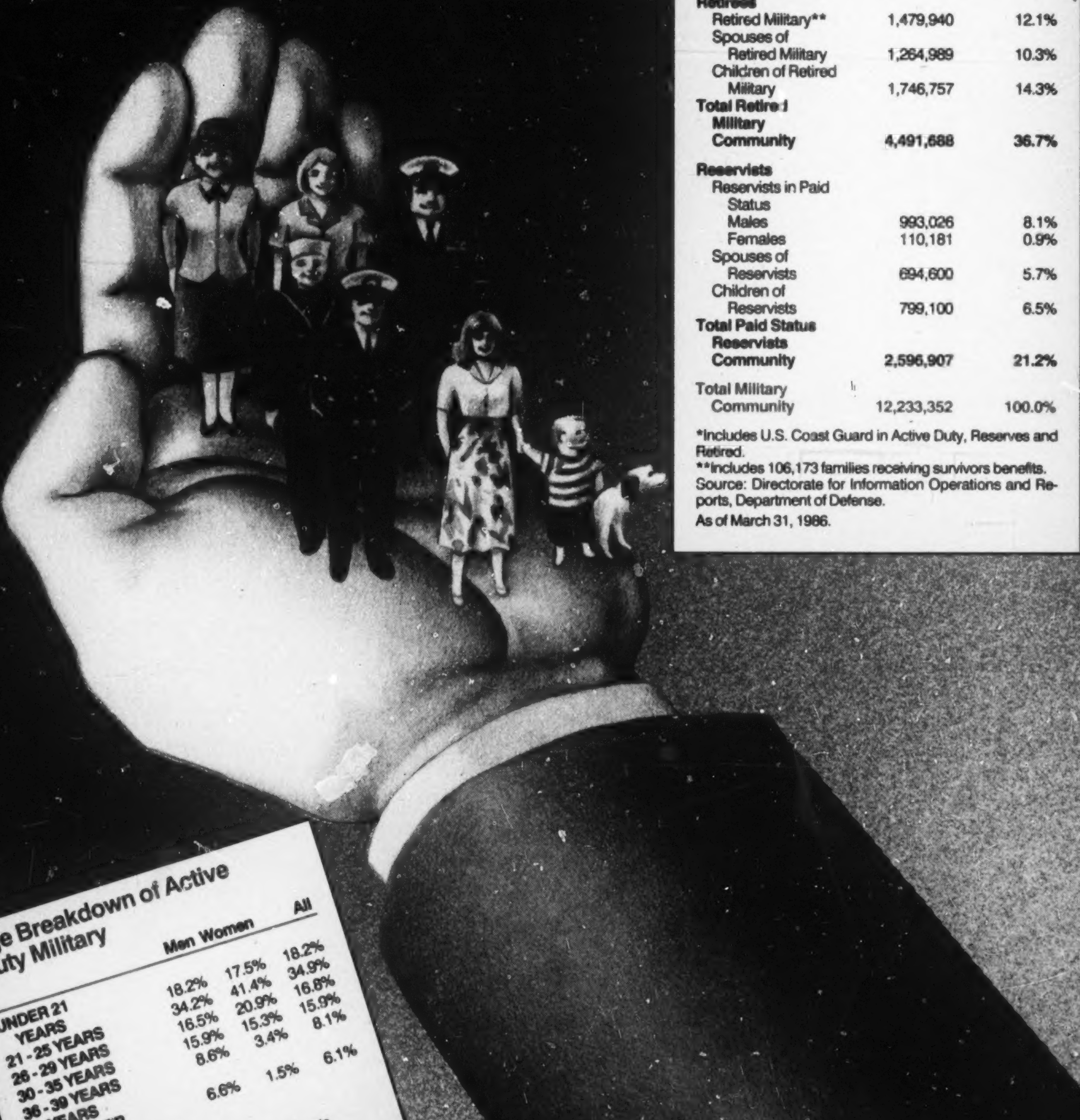


Population of the Military Community*

Active Duty		
Active Duty Males	1,983,769	16.2%
Active Duty Females	213,500	1.8%
Total Active Duty Personnel	2,197,269	18.0%
Spouses of Active Duty Military	1,184,695	9.7%
Children of Active Duty Military	1,687,716	13.8%
Other Dependents of Active Duty	75,077	0.6%
Total Active Duty Community	**5,144,757**	**42.1%**
Retirees		
Retired Military**	1,479,940	12.1%
Spouses of Retired Military	1,264,989	10.3%
Children of Retired Military	1,746,757	14.3%
Total Retired Military Community	**4,491,688**	**36.7%**
Reservists		
Reservists in Paid Status		
Males	993,026	8.1%
Females	110,181	0.9%
Spouses of Reservists	694,600	5.7%
Children of Reservists	799,100	6.5%
Total Paid Status Reservists Community	**2,596,907**	**21.2%**
Total Military Community	12,233,352	100.0%

*Includes U.S. Coast Guard in Active Duty, Reserves and Retired.

**Includes 106,173 families receiving survivors benefits.

Source: Directorate for Information Operations and Reports, Department of Defense.

As of March 31, 1986.

Age Breakdown of Active Duty Military

	Men	Women	All
UNDER 21 YEARS	18.2%	17.5%	18.2%
21 - 25 YEARS	34.2%	41.4%	34.9%
26 - 29 YEARS	16.5%	20.9%	16.8%
30 - 35 YEARS	15.9%	15.3%	15.9%
36 - 39 YEARS	8.6%	3.4%	8.1%
40 YEARS AND OVER	6.6%	1.5%	6.1%

As of September 30, 1985

Include Coast Guard

formation Operations & Reports.

Reserve Forces in Paid Status

ARMY NATIONAL GUARD

Officers	42,340
Enlisted	397,612
Total	**439,952**

ARMY RESERVE

Officers	53,860
Enlisted	238,220
Total	**292,080**

NAVAL RESERVE

Officers	23,303
Enlisted	106,529
Total	**129,832**

MARINE CORPS RESERVE

Officers	3,382
Enlisted	38,204
Total	**41,586**

AIR NATIONAL GUARD

Officers	13,037
Enlisted	96,361
Total	**109,398**

AIR FORCE RESERVE

Officers	15,615
Enlisted	59,599
Total	**75,214**

DoD RESERVES (Total)

Officers	151,537
Enlisted	936,525
Total	**1,088,062**

COAST GUARD RESERVE*

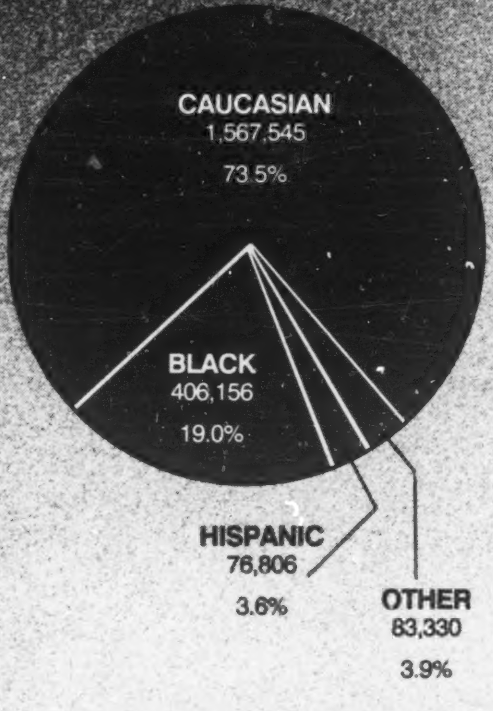
Officers	1,557
Enlisted	11,033
Total	**12,590**

TOTAL (All Services)

Officers	153,094
Enlisted	947,558
Total	**1,100,652**

As of September 30, 1985.
*The Coast Guard is part of the Department of Transportation.
Source: Defense Manpower Data Center.

Race Breakdown of Active Duty Military



Total active duty: 2,133,837 as of March 1985
Does not include Coast Guard.
SOURCE: Department of Defense.

Age Distribution of Wives of Active Duty Military

Age Group	Number	Percent
UNDER 20 YEARS OF AGE	124,393	10.5
20-24 YEARS	414,643	35.0
25-29 YEARS	254,709	21.5
30-34 YEARS	222,723	18.8
35-39 YEARS	118,470	10.0
40 YEARS AND OVER	49,757	4.2
TOTAL WIVES OF ACTIVE DUTY MILITARY	1,184,695	100.0

As of March 31, 1986.
Source: DoD and DoD/Rand Surveys.

Age Distribution of Dependent Children of Active Duty Military Personnel

Age Group	Number	Percent
UNDER 5 YEARS OF AGE	475,936	28.2
5-9 YEARS	644,707	38.2
10-14 YEARS	347,669	20.6
15-17 YEARS	140,081	8.3
18-20 YEARS	79,323	4.7
TOTAL DEPENDENT CHILDREN	1,687,716	100.0

As of March 31, 1986.

Active Duty Military Personnel by Sex

	CY 1985	CY 1984	CY 1983	CY 1982	CY 1981
Total Active Duty	2,190,016	2,176,628	2,123,349	2,108,612	2,122,320
Percent Male	90.2%	90.6%	90.7%	91.0%	91.2%
Percent Female	9.8%	9.4%	9.3%	9.0%	8.8%

As of September 30th for each year listed.

SOURCE: DoD & Department of Transportation.

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Active Duty Military Personnel by Rank, Sex and Service

	Army		Navy		Marine Corps		Air Force	
RANK	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
OFFICERS								
O7-O1O	395	3	247	2	65	0	336	2
0-6	4,714	94	3,602	97	632	9	5,476	92
0-5	10,525	369	7,406	358	1,612	29	12,165	383
0-4	15,908	1,302	11,908	1,231	2,976	64	18,766	1,189
0-3	30,682	4,553	19,307	2,741	5,791	202	35,326	5,553
0-2	10,838	1,992	9,150	1,330	4,618	196	12,340	2,208
0-1	10,301	2,227	8,988	1,129	2,410	110	12,064	2,500
WARRANT OFFICERS	15,296	288	3,136	25	1,417	44	0	0
TOTAL OFFICERS	98,859	10,828	63,744	6,913	19,521	654	96,473	11,927
ENLISTED								
E-9	4,449	19	4,448	13	1,300	10	4,871	20
E-8	15,116	193	9,636	67	3,670	37	9,702	62
E-7	50,961	1,566	31,919	654	9,094	146	36,972	618
E-6	81,354	5,653	73,908	4,004	14,971	562	54,227	3,142
E-5	103,009	14,129	92,849	10,430	23,021	1,742	96,351	14,709
E-4	168,429	24,791	91,357	11,337	29,976	2,300	99,457	16,740
E-3	85,184	10,809	76,956	11,080	52,381	2,533	83,661	13,695
E-2	42,492	4,885	36,425	3,991	21,397	1,235	25,698	4,460
E-1	47,645	5,873	32,618	3,752	12,999	476	20,078	4,140
TOTAL ENLISTED	598,639	67,918	450,116	45,328	168,809	9,041	431,017	57,586
CADETS & MIDSHIPMEN	4,042	501	4,242	362	0	0	3,964	548
GRAND TOTAL	701,540	79,247	518,102	52,603	188,330	9,695	531,454	70,061

	Total DoD			Coast Guard		Total All Services		
RANK	**Male**	**Female**	**Total**	**Male**	**Female**	**Male**	**Female**	**Total**
OFFICERS								
O7-O1O	1,043	7	1,050	34	0	1,077	7	1,084
0-6	14,424	292	14,716	353	1	14,777	293	15,070
0-5	31,708	1,139	32,847	701	0	32,409	1,139	33,548
0-4	49,558	3,786	53,344	1,007	19	50,565	3,805	54,370
0-3	91,306	13,049	104,355	1,623	48	92,929	13,097	106,026
0-2	36,946	5,726	42,672	1,062	89	38,008	5,815	43,823
0-1	33,763	5,966	39,729	533	63	34,296	6,029	40,325
WARRANT OFFICERS	19,849	357	20,206	1,446	1	21,295	358	21,653
TOTAL OFFFICER	278,597	30,322	308,919	6,759	221	285,356	30,543	315,899
ENLISTED								
E-9	15,068	62	15,130	312	0	15,380	62	15,442
E-8	38,124	359	38,483	515	1	38,639	360	38,999
E-7	128,946	2,984	131,930	2,742	18	131,688	3,002	134,690
E-6	224,460	13,361	237,821	5,223	163	229,683	13,524	24[illegible],207
E-5	315,230	41,010	356,240	5,132	397	320,362	41,407	361,769
E-4	389,219	55,168	444,387	7,383	618	396,602	55,786	452,3[illegible]
E-3	298,182	38,117	336,299	4,035	464	302,217	38,581	340,798
E-2	126,012	14,571	140,583	3,056	445	129,068	15,016	144,084
E-1	113,340	14,241	127,581	676	88	114,016	14,329	128,345
TOTAL ENLISTED	1,648,581	179,873	1,828,454	29,074	2,194	1,677,655	182,067	1,859,722
CADETS & MIDSHIPMEN	12,248	1,411	13,659	629	107	12,877	1,518	14,395
GRAND TOTAL	1,939,426	211,606	2,151,032	36,462	2,522	1,975,888	214,128	2,190,016

All data as of September 30, 1985.

. . . compensation

Income of the Military Community FY 1986

Active Duty Military, Total	**$68.5 billion**	**Retired Military, Total**	**$52.3 billion**	**Reservists in Paid Status, Total**	**$32.5 billion**
Military Pay, Allowances, Benefits	60.9 billion	Pensions	18.4 billion	Employment Income	22.0 billion
"Moonlighting" & Working Spouses Income	7.6 billion	2nd Career Jobs	24.7 billion	Working Spouses' Income	5.9 billion
		Working Spouses' Income	9.2 billion	Reserve Training Pay	4.6 billion

Total Income of Military Community **$153.3 billion**

SOURCE: DoD Personnel Budget for FY 1986 and Department of Commerce and Bureau of the Census data for non-government income of families in the military community.

1986 Active Duty Military Annual Compensation

Average Military Compensation	**$27,682***
Regular Military Compensation	19,482
Basic Pay	14,083
Basic Allowance for Quarters	1,773
Variable Housing Allowance	468
Station Allowance Overseas	216
Subsistence Allowance & Costs	1,567
Federal Income Tax Advantage	1,375
Special Pays & Consumption Advantage	$8,200
Special Allowance	407
Special and Incentive Pays, Bonuses	754
Commissary and Exchange Savings	1,005
Free/Reduced Cost Medical, Dental Care	1,758
Retirement Credit, Current Years' Service	3,343
Social Security Payments (Government Contributions)	932

*Annual rate, including value of fringe benefits and consumption advantage. The breakdown above represents per-capita amounts derived by dividing the total value of each category by the number of active duty personnel.

SOURCE: DoD Personnel Budget for FY 1986

Average Military Compensation For the Last Nine Years

FY 1978	$15,367
FY 1979	16,594
FY 1980	18,420
FY 1981	20,546
FY 1982	23,538
FY 1983	24,656
FY 1984	25,902
FY 1985	26,915
FY 1986	27,682

SOURCE: DoD Military Personnel Budget for the Years Shown

1986 ALMANAC

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CY 1985 Military Exchange Sales by Department and by Area

Department	Domestic	%	Overseas	%	Worldwide	%
Automotive[1]	93,644,798	2.5	40,847,585	2.0	134,492,383	2.3
Gasoline[2]	399,283,930	10.6	143,260,024	7.0	542,543,954	9.4
Automotive Labor[3]	15,765,803	0.4	3,524,343	0.2	19,290,146	0.3
Tobacco Products, including Vending	299,364,925	8.0	67,923,466	3.3	367,288,391	6.3
Military Uniforms including DPSC Mdse.	215,303,740	5.7	56,994,916	2.8	272,298,656	4.7
Food & Juices	222,161,567	5.9	135,524,287	6.6	357,685,853	6.2
Beer & Sodas	175,962,130	4.7	99,119,302	4.8	275,081,432	4.7
Health & Beauty Aids	195,287,993	5.2	90,085,749	4.4	285,373,742	4.9
Cosmetics & Frangrances	86,261,494	2.3	29,108,799	1.4	115,370,293	2.0
Jewelry, including AAFES Semi-Precious	76,063,484	2.0	59,117,919	2.9	135,181,402	2.3
Watches	39,399,001	1.0	19,817,322	1.0	59,216,323	1.0
Stationery	60,523,584	1.6	21,600,026	1.0	82,123,610	1.4
Greeting Cards & Paper Goods	55,889,843	1.5	20,824,428	1.0	76,714,271	1.3
Books & Periodicals	61,151,167	1.6	25,890,025	1.3	87,041,192	1.5
Men's Outerwear	83,423,865	2.2	39,499,337	1.9	122,923,202	2.1
Men's Furnishings	151,681,051	4.0	61,228,827	3.0	212,909,878	3.7
Women's Outerwear	112,866,630	3.0	54,428,695	2.7	167,295,325	2.9
Women's Furnishings	89,280,198	2.4	26,913,417	1.3	116,193,615	2.0
Boyswear	38,663,125	1.0	18,864,042	0.9	57,527,167	1.0
Girlswear	31,697,809	0.8	17,458,802	0.9	49,156,611	0.8
Infants' & Toddlers' Wear	47,079,418	1.3	25,861,961	1.3	72,941,379	1.3
Footwear	121,372,918	3.2	51,651,900	2.5	173,024,818	3.0
Linens & Domestics	65,749,762	1.8	34,329,464	1.7	100,079,226	1.7
Yardage & Sewing Notions	18,415,551	0.5	14,996,497	0.7	33,412,048	0.6
Dinnerware & Flatware	19,112,557	0.5	11,887,048	0.6	30,999,605	0.5
Kitchenware	42,241,242	1.1	19,825,233	1.0	62,066,475	1.1
Giftware	41,724,485	1.1	32,115,612	1.6	73,840,098	1.3
Cleaning Supplies	48,913,102	1.3	23,766,903	1.2	72,680,005	1.3
Traffic & Major Appliances	98,826,853	2.6	66,016,915	3.2	164,843,767	2.8
Furniture & Home Furnishings	33,133,532	0.9	56,188,286	2.7	89,321,818	1.5
Hardware & Pet Supplies	82,646,604	2.2	21,322,590	1.0	103,969,194	1.8
Luggage	32,299,093	0.9	12,114,550	0.6	44,413,643	0.8
Garden/Patio Furniture	92,835,832	2.5	13,282,839	0.6	106,118,671	1.8
Sporting Goods	59,640,138	1.6	26,903,657	1.3	86,543,795	1.5
Photo Finishing	27,195,791	0.7	6,737,603	0.3	33,933,394	0.6
Photography & Optical[4]	82,441,953	2.2	65,315,276	3.2	147,757,230	2.5
Toys, Games & Bicycles	68,608,641	1.8	45,448,665	2.2	114,057,306	2.0
Consumer Electronics	218,404,032	5.8	435,141,366	21.2	653,545,398	11.3
Recorded Sound & Video	48,155,774	1.3	54,656,921	2.7	102,812,696	1.8
Total Retail Departments*	3,752,473,415	100.0	2,049,594,597	100.00	5,802,068,012	100.0

[1] AAFES Retail Dept.#1 & Navy Service Dept.J4. [2] AAFES Retail Dept.#2 & Navy Service Dept.J3. [3] AAFES Retail Dept.#3 & Navy Service Dept.[illegible] [4] AAFES Retail Dept.#69 & Navy Service Dept.K2.

*With the exceptions indicated in footnotes 1-4 above totals do not include income from services such as cafeterias, snack bars, beauty and barber shops, nor concessions. No vending sales are included except cigarette vending, as noted above.

Research Department Army Times Publishing Company

Percent of Exchange Sales by System Worldwide CY 1985

	Worldwide Sales	Percent of Total Sales
AAFES	$4,918.0	68.0
NAVY	1,645.8	22.7
MARINE CORPS	413.6	5.7
COAST GUARD	77.7	1.1
VCS	183.0	2.5
TOTAL	$7,238.1	100.0

$ in millions.

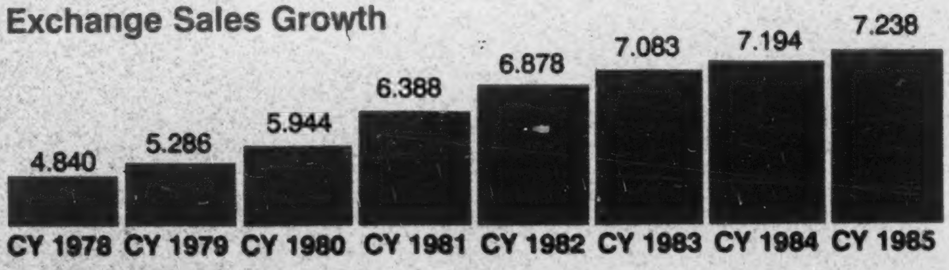
AAFES
AAFES
AAFES
NAVRESSO
NAVRESSO
NAVRESSO
MCX
MCX
CG
CG
VCS
VCS

Exchange Sales by Region

System	Domestic Sales	Percent of Total Sales	Overseas Sales	Percent of Total Sales	Worldwide Sales
AAFES	$3,008.9	61.2%	$1,909.1	38.8%	$4,918.0
NAVY	1,320.5	80.2	325.3	19.8	1,645.8
MARINE CORPS	386.6	93.5	27.0	6.5	413.6
COAST GUARD	72.0	92.7	5.7	7.3	77.7
VCS	183.0	100.0			183.0

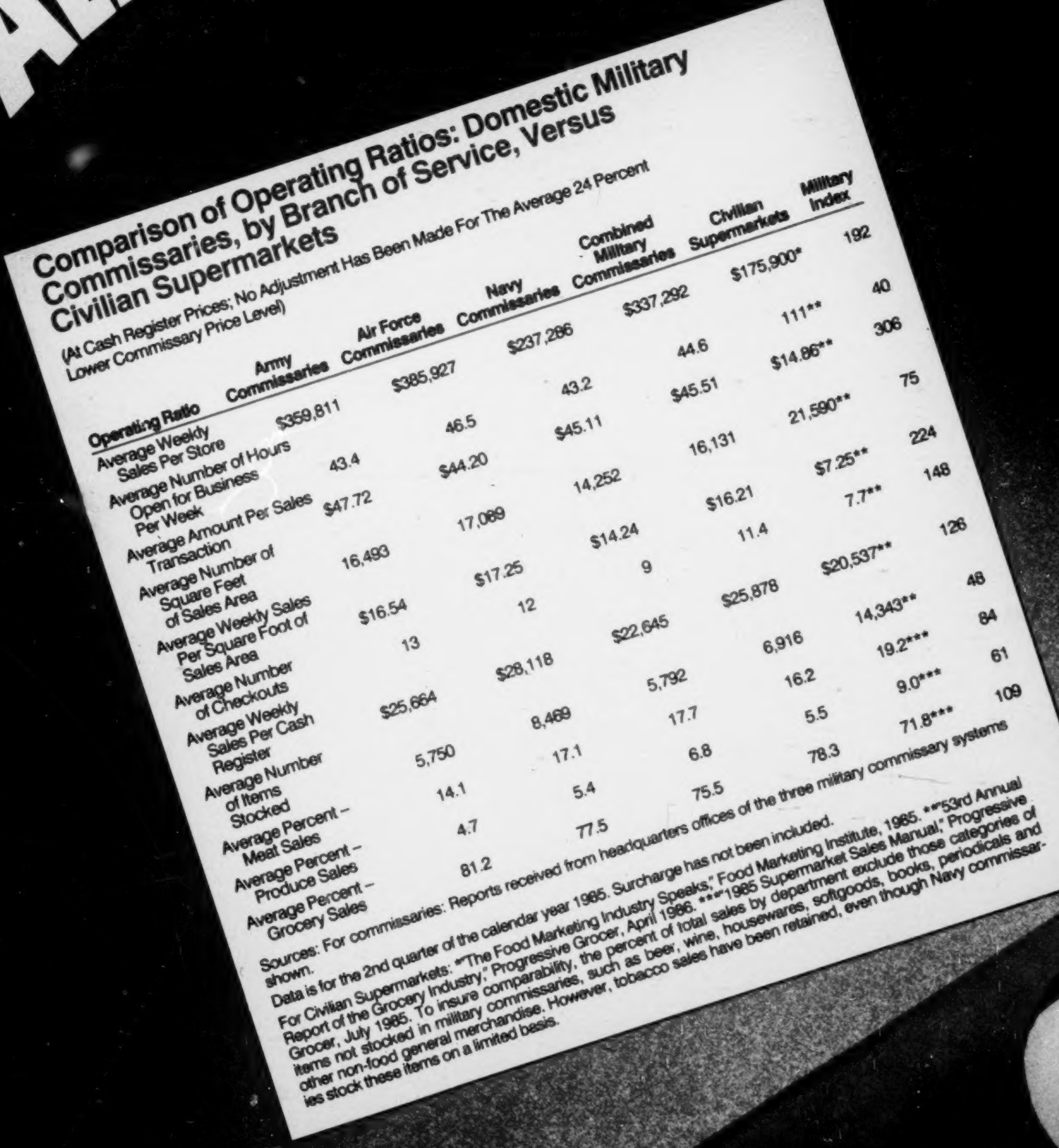
$ in millions.

Exchange Sales Growth



$ in billions.
SOURCE: Resale systems' headquarters.

1986 ALMANAC . . . commissaries



Comparison of Operating Ratios: Domestic Military Commissaries, by Branch of Service, Versus Civilian Supermarkets

(At Cash Register Prices; No Adjustment Has Been Made For The Average 24 Percent Lower Commissary Price Level)

Operating Ratio	Army Commissaries	Air Force Commissaries	Navy Commissaries	Combined Military Commissaries	Civilian Supermarkets	Military Index
Average Weekly Sales Per Store	$359,811	$385,927	$237,286	$337,292	$175,900*	192
Average Number of Hours Open for Business Per Week	43.4	46.5	43.2	44.6	111**	40
Average Amount Per Sales Transaction	$47.72	$44.20	$45.11	$45.51	$14.86**	306
Average Number of Square Feet of Sales Area	16,493	17,089	14,252	16,131	21,590**	75
Average Weekly Sales Per Square Foot of Sales Area	$16.54	$17.25	$14.24	$16.21	$7.25**	224
Average Number of Checkouts	13	12	9	11.4	7.7**	148
Average Weekly Sales Per Cash Register	$25,664	$28,118	$22,645	$25,878	$20,537**	126
Average Number of Items Stocked	5,750	8,469	5,792	6,916	14,343**	48
Average Percent – Meat Sales	14.1	17.1	17.7	16.2	19.2***	84
Average Percent – Produce Sales	4.7	5.4	6.8	5.5	9.0***	61
Average Percent – Grocery Sales	81.2	77.5	75.5	78.3	71.8***	109

Sources: For commissaries: Reports received from headquarters offices of the three military commissary systems shown.

Data is for the 2nd quarter of the calendar year 1985. Surcharge has not been included.

For Civilian Supermarkets: *"The Food Marketing Industry Speaks," Food Marketing Institute, 1985. **"53rd Annual Report of the Grocery Industry," Progressive Grocer, April 1986. ***"1985 Supermarket Sales Manual," Progressive Grocer, July 1985. To insure comparability, the percent of total sales by department exclude those categories of items not stocked in military commissaries, such as beer, wine, housewares, softgoods, books, periodicals and other non-food general merchandise. However, tobacco sales have been retained, even though Navy commissaries stock these items on a limited basis.

Commissary Sales by Region CY 1985

System	Domestic Sales	Percent of Total Sales	Overseas Sales	Percent of Total Sales	Worldwide Sales
AIR FORCE	$1,880.7	86.4%	$296.3	13.6%	$2,177.0
ARMY	1,260.2	75.7	403.7	24.3	1,663.9
NAVY	750.3	89.1	91.9	10.9	842.2
MARINE CORPS	169.8	98.2	3.1	1.8	172.9
COAST GUARD	6.6	100			6.6
STATE DEPARTMENT			55.0	100	55.0

$ in millions.

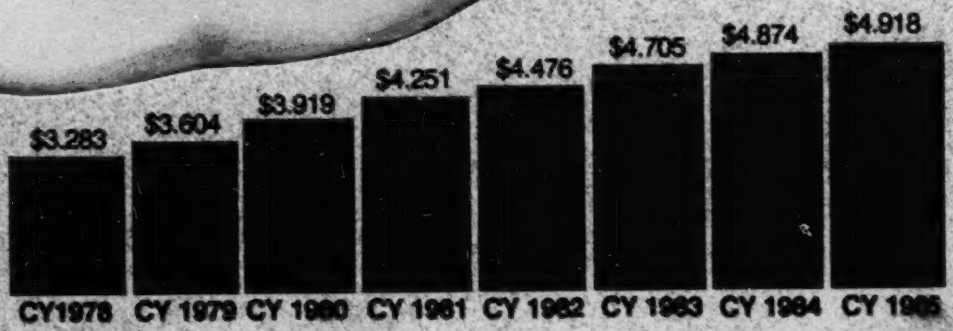
STATE
NAVRESSO
TSA
AFCOMS
A
CG
MC

Percent of Commissary Sales By System Worldwide CY 1985

	Worldwide Sales	Percent of Total Sales
AIR FORCE	$2,177.0	44.3
ARMY	1,663.9	33.9
NAVY	842.2	17.1
MARINE CORPS	172.9	3.5
COAST GUARD	6.6	0.1
STATE DEPARTMENT	55.0	1.1
TOTAL	$4,917.6	100.0

$ in millions.

Commissary Sales Growth

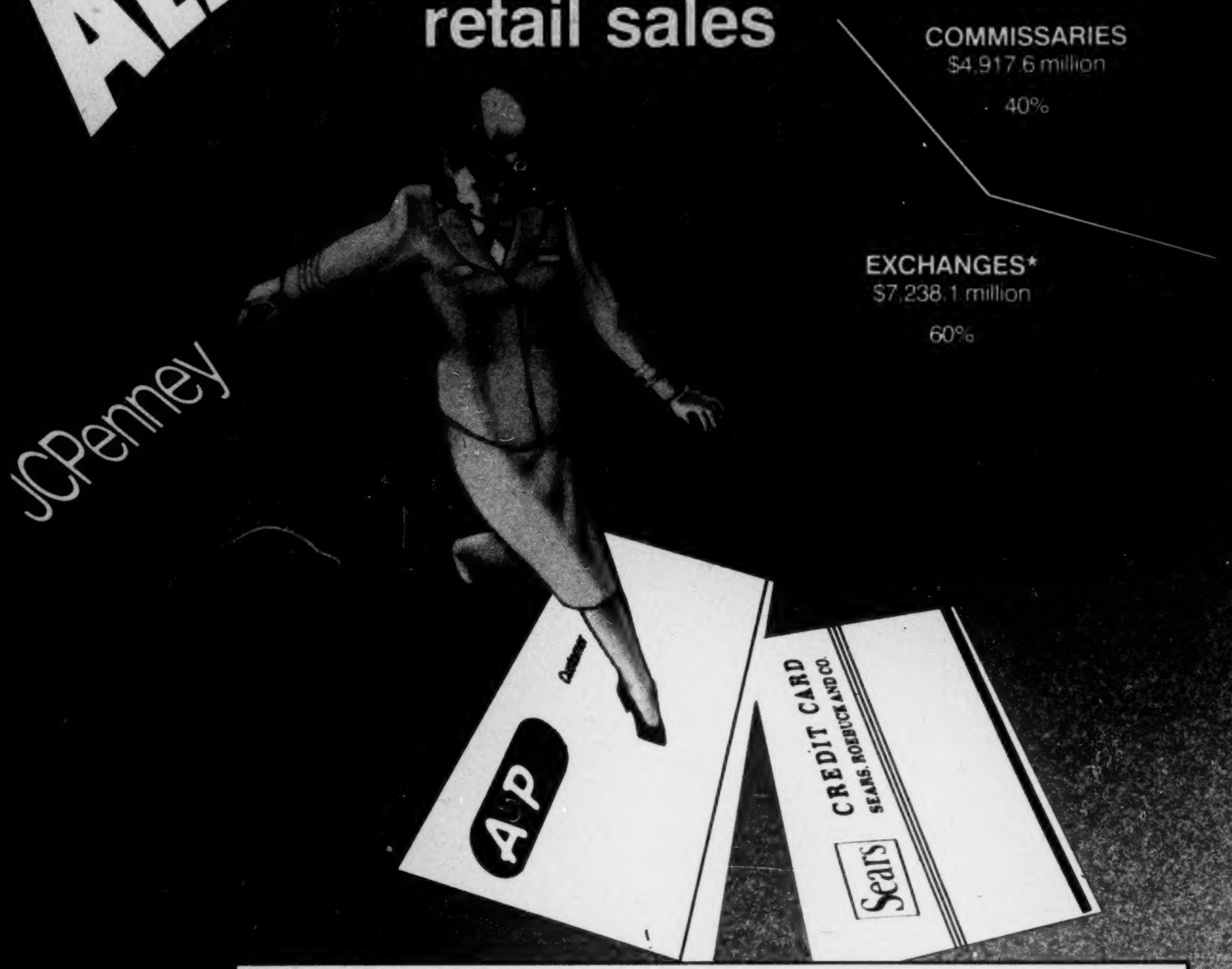


$ in billions

SOURCE: Resale sy: :ms' headquarters.

1986 ALMANAC

. . . the market's retail sales


COMMISSARIES
$4,917.6 million
40%
EXCHANGES*
$7,238.1 million
60%
JCPenney
A&P
CREDIT CARD
SEARS, ROEBUCK AND CO.
Sears

Largest Supermarket Chains

	1985	1984		1985	1984
1 - Safeway	$19.7	$19.6	7 - Supermarkets General	5.1	4.3
2 - Kroger	17.1	15.9	8 - Albertson's	5.1	4.7
3 - American Stores	13.9	12.1	**9 - Worldwide Commissaries**	**4.9**	**4.9**
4 - Lucky	9.4	9.2	**10 - Domestic Commissaries**	**4.1**	**4.0**
5 - Winn-Dixie	7.8	7.3			
6 - A & P	6.6	5.9			

$ in billions.

SOURCE: Civilian supermarket sales provided by *Progressive Grocer*. Military commissary sales are as reported by the headquaeters offices of the various commissary systems. Commissary sales include the 5 percent surcharge.

Largest Department/Variety Store Chains

	1985	1984
1 - Sears	$24.4	$24.6
2 - K mart	22.4	21.1
3 - J.C. Penney	13.8	13.4
4 - Dayton-Hudson	8.8	8.0
5 - Wal-Mart	8.4	6.4
6 - Federated Department Stores	8.2	8.0
7 - Worldwide Military Exchanges	**7.2**	**7.2**
8 - Woolworth	6.0	5.7
9 - Montgomery Ward	5.4	6.5
10 - May Department Stores	5.1	4.7
11 - Domestic Military Exchanges	**5.0**	**4.9**

$ in billions.

SOURCE: Sales of civilian department store chains are as reported by *"State of the Industry: Top 100 Chains," Chain Store Age, General Merchandise Trends*, June 1986. Military Exchange sales are as reported by the headquarters offices of the various exchange systems.

Combined Commissary & Exchange Sales

CY 1977	$7,454 million
CY 1978	$8,123 million
CY 1979	$8,890 million
CY 1980	$9,863 million
CY 1981	$10,640 million
CY 1982	$11,354 million
CY 1983	$11,789 million
CY 1984	$12,068 million
CY 1985	$12,155 million

Combined CY 1985 sales for commissaries and exchanges were more than $12 billion. Worldwide commissaries dropped to ninth place, while domestic commissaries remained in the No. 10 spot.

Worldwide military exchanges dropped to seventh place, as Wal-Mart moved into fifth place. Domestic military exchanges fell to No. 11 with May Department Stores' entrance into the top 10.

Army and Air Force Exchange Service

Looking ahead to the rest of this year, I can't help but be optimistic.

Despite disappointing results in FY 1985, the Army and Air Force Exchange Service is alive and well. Along with most U.S. retailers, our sales were "soft" at best; sales of $4.9 billion in '85 were roughly the same as for the prior year.

Even before FY 1985 ended, we began corrective action to become more competitive in the "everything on sale" marketplace of today. We're trimming costs and we have established the means to see a dramatic improvement in both sales and earnings.

Some specifics:

☐ Both the ConUS area exchanges and Headquarters AAFES have undergone major realignments in an effort to become more sales oriented.

At the area exchange level, we have reduced 300 overhead positions — most through normal attrition — for potential annual savings of $5 million.

At the same time, we set a goal of reducing personnel costs at Headquarters AAFES by 10% during 1986. Potential savings amounts to $4.6 million.

Both efforts to trim costs are well underway.

☐ Our major projects to upgrade the merchandise distribution system continue on target. At Giessen, West Germany, a $15 million investment is now 60 percent complete and is due to come on line by this November. Annual savings should total $5 million.

At Newport News, Va., we've broken ground for our new East Coast distribution complex. Once completed, this facility will replace existing antiquated facilities and produce annual savings of $26.3 million.

☐ By the end of this year we expect to have 131 main stores fully operational with point-of-sale scanning. We'll be closer than ever to automatic replenishment at store level.

☐ Credit card usage, begun in January, is having a positive effect. First quarter FY 1986 results were $50.1 million in credit sales — about 10 percent of retail sales. The average transaction is $55.

☐ In April 1986, retail sales year-to-date were up 5 percent over 1985, but earnings were at a record level — 61 percent above last year.

We're looking for faster and better service in our stores and we want to establish more shopping excitement for our customers. We'll be providing new or unique items faster, expanding our AAFES Brand program and increasing Extra Value items. We intend to always be in stock on the 20 percent of "basic" merchandise that make up 80 percent of our sales.

We're also looking at new ways of doing business, such as more vendor training and presentations in our stores, closer stock assortment reviews and faster rotation of merchandise through better receiving methods.

We're constantly on the lookout for new items or services that can be introduced to better serve our customers. The recent addition of computer and photo processing centers in many AAFES locations are good examples.

We've also redefined our sales promotion program to ensure that items promoted are more closely aligned with customers' needs.

These are all positive signs. But more important is that AAFES is becoming more customer-oriented. Our employees are becoming more knowledgeable, responsive and efficient.

Maj. Gen. John E. Long, USA
Commander

State Department Associations

Results of the Regional Conference

The Regional Association Managers conferences held in Mexico City, Bonn, Tokyo and Colombo have been extremely successful and informative. The conferences act as an arena for exchanges between my office and the attendees.

The participants from the regional post associations are managers, board members and embassy administrative officials, as well as interested embassy and association personnel.

With this mix of participants, the conferences prove to be an invaluable source of question and answer sessions, open discussions, small group interchanges and experience exchanges among peers.

My office provides guidance on State Department policy and regulations, as well as individual consultations on improving the daily operations, financial and managerial performance, personnel problems and conflicts between the board members and association personnel.

We also provide on-site training on computer accounting software applications for associations.

The overall impact of the conferences is very positive and greatly appreciated by the participants. After each conference, requests for their continuation are overwhelming, as each participant learns that their problems and concerns are worldwide, and not post specific.

Effects of Gramm-Rudman

With the even more stringent State Department budget constraints now in place as a result of Gramm-Rudman, my office's ability to provide on-site assistance to the associations, and to participate in any future Regional Association Managers conferences is severely restricted.

Until we are once again given funding for travel, our ability to provide on-site, individualized assistance, will be restricted.

Ravi Sikand
Director
Office of Commissary and Recreation Affairs
Department of State

Marine Corps Exchanges

Being the best buggy whip maker in the world gives one a sense of pride but at the same time evokes fear — pride at being the best, but fearful that the demand for your product is waning. So it is with Marine exchanges.

Our sales were up 1.4 percent last year, the best among the services, but hardly worth crowing about. Three successive years of flat sales for all service exchange systems gives real cause for concern. In retailing you seldom stay the same very long. You are either growing or you are dying. The exchanges have recently had injections of franchised fast food and credit, but sales have remained flat.

Let's hope when the going gets tough, the tough get going. We will be embarking on a three-pronged strategy: expand the services we offer, encourage a system-wide "won't be undersold" policy, and provide better customer service.

Enough on what had better happen. Here are a few facts as to what has happened . . .

Because of the short period of time that credit cards have been authorized, it is very difficult to determine what the ultimate effect of credit cards will be to Marine Corps exchanges that offer credit. Our total credit card sales for April were $1.4 million.

All Marine Corps exchanges in ConUS and Hawaii will be authorizing credit directly from the terminal and receiving authorization on a CPU to CPU configuration during the month of July 1986. It is anticipated that our overseas exchanges will be accepting credit cards by August 1986.

At present, we have a total of nine fast food outlets in operation. There are five Burger Kings, four McDonalds and one Wendy's. There are plans for six additional fast food operations.

As the majority of MCXs now have a computerized management information system installed, more timely sales information is available. Since we are decentralized in our procurement methods, the "local" buyers can work with the vendors using information pertinent to their own exchange, to better maintain stock assortments and inventory levels. This has proven successful in analyzing items procured via a *purchase order* with an assigned "SKU" number.

I emphasize the term "purchase order" because, unfortunately, it was found by looking at Fiscal Year 1985 inventory results that the majority of exchanges having a surplus inventory had inventory dollars in direct delivery contracted items which far exceeded their plan.

This year we will assign a special direct delivery vendor code to these items so that we will be better able to match inventory on hand and space allocated to the vendor with sales performance.

For Marine exchanges it is time to lead. We don't want to follow, and we sure as hell don't want to get out of the way!

Col. W.E. Irwin, USMC
Head
Exchange Service Branch
Marine Corps Exchange Service

Marine Corps Comissaries

The Marine Corps commissary sales in fiscal year 1985 were $163 million, which is an increase of 7.7 percent. This growth is on top of a 13.7 percent increase the previous year, which equates to a total two-year increase of 22 percent.

These increases are attributed to expanded commissary services, improved distribution systems, and reinforced patron awareness of commissary savings. The savings growth was accomplished through efficient use of the existing commissary assets, without any additional resources.

Our success, however, is beginning to reduce our ability to provide the best possible services. Recently, commissary operating hours were reduced to stay within authorized funding levels. Under the current austere resource environment, it is unlikely that commissaries will receive any additional resources.

To overcome the resource deficiency, we are constantly seeking ways to further improve commissary efficiency. One such way is to install a scanning system. We plan to equip all 15 Marine Corps commissaries with scanners within the next 12 months.

The Marine Corps continues to consolidate its independent commissaries into complexes. In fiscal year 1986, the commissaries at Quantico, Va., and Albany, Ga., are being complexed with the East Coast Commissary Complex at Camp Lejeune, N.C. Additionally, the Kaneohe Bay, Hawaii, commissary also joined the West Coast Commissary Complex at El Toro, Calif.

All the accounting, procurement, supply and data processing functions are now centralized at the complexes. These functions are supported by the Commissary Management Information System. We expect to award a new contract for the enhanced CMIS during the fourth quarter of fiscal year 1986. These initiatives for consolidation and a new information system should further improve commissary efficiency and effectiveness.

The commissary construction program is a high priority item. The Quanitco commissary is being expanded. A new store at Iwakuni, Japan, is expected to be completed in December 1986. Next year the Hadnot Point and New River commissaries will be renovated.

Brig. Gen. Joseph P. Hoar, USMC
Director
Facilities and Services Division
U.S. Marine Corps

SYSTEM REPORTS

Coast Guard

The Coast Guard directs both its non-appropriated fund activities resale program and its commissary program from its resale systems division at Coast Guard headquarters in Washington, D.C. The same office is also responsible for the service's appropriated-fund uniform stores.

All resale activities are operated under a decentralized management concept, which allows local commands to manage their own operations within a framework of headquarters policy guidance.

The two Coast Guard commissaries — one at Kodiak, Alaska, and the other at Governor's Island, N.Y. — had combined fiscal 1985 sales of $6,839,000. Although Kodiak saw a 9 percent increase, total commissary sales for the year were down 1.3 percent from 1984.

In the face of stiffening competition, we have been very pleased with the improved bottom line of our NAFA activities during the most recent fiscal year. Despite a sales increase of only 2 percent, fiscal 1985 net profits rose 11.5 percent (to 6.6 percent of sales) over those of the previous year. Cost control and reduction efforts at several larger units were major reasons for the gain.

Coast Guard exchanges began accepting credit cards in January, 1986, and currently have 22 locations where they can be used. While it is too early to determine the ultimate impact, credit cards account for less than 5 percent of total sales at locations which accept them, and it would be difficult to show that they have been directly responsible for any increase in sales.

In response to ever-increasing rate hikes, Coast Guard modified its NAFA insurance program at the beginning of 1986 and began covering a higher portion of risk through self-insurance. We expect the move will be beneficial in terms of both cost savings and safety awareness.

A number of construction and renovation projects are underway or on the horizon. Major rehabilitations were recently completed at our Boston and Cape Cod locations, and construction of a new exchange at our Aviation Training Center, Mobile, Ala. is also nearing completion.

Other projects scheduled for completion by the end of the year include: a new exchange/grocery complex in Cleveland, Ohio; a new building for our satellite exchange operation in Ft. Myers Beach, Fla.; and new exchanges at Base Miami Beach, Fla., Port Angeles, Wash., and Base Mobile, Ala.

Following completion of the new exchange/commissary complex in Kodiak, Alaska, and renovation and expansion of our exchange in Seattle late last year, sales improved nicely at both locations. We are hopeful that this year's facility improvements will receive similar positive reactions from customers.

Cmdr. J.C. Voden, USCG
Chief, Resale Systems Division
U.S. Coast Guard

1985 COAST GUARD EXCHANGE SALES

UNIT NAME	EXCHANGE	GROCERY	OTHER	TOTAL
ATC, MOBILE	1,753,335	6,792,426	403,599	8,949,360
AS, CAPE COD	2,719,830	4,087,354	1,228,664	8,035,848
STATION, ST. PETERSBURG	2,619,356	2,150,534	0	4,769,890
SPT CTR, KODIAK	3,436,227		1,039,635	4,475,862
COAST GUARD ACADEMY	3,758,568		614,294	4,372,862
AS, MIAMI	2,297,558	1,668,880	137,713	4,104,151
SPT CTR, NEW YORK	3,123,111		429,562	3,552,673
DISTRICT NINE	711,080	1,682,887	2,987	2,396,954
TRNG CTR, CAPE MAY	1,858,217		302,024	2,160,241
AS, BROOKLYN	1,994,809	5,820	34,088	2,034,717
BASE, MOBILE	1,389,426		288,863	1,678,289
BASE, SOUTH PORTLAND	1,464,465		0	1,464,465
KKH, HONOLULU	864,415		583,766	1,448,181
RES TRNG CTR, YORKTOWN	1,323,454		110,797	1,434,251
SPT CTR, BOSTON	1,219,257		0	1,219,257
AS, CLEARWATER	1,157,326		4,239	1,161,565
GROUP, ASTORIA	508,610	481,088	167,891	1,157,589
SPT CTR, ELIZABETH CITY	950,181		119,471	1,069,652
SPT CTR, ALAMEDA	877,955		154,792	1,032,747
BASE, MAYPORT	1,006,837		2,105	1,008,942
TRNG CTR, PETALUMA	740,985		196,086	937,071
SPT CTR, SEATTLE	856,781		77,331	934,112
SPT CTR, PORTSMOUTH	837,610		47,120	884,730
BASE, HONOLULU	739,727		97,223	836,950
CG YARD, CURTIS BAY	566,720		170,539	737,259
AS, TRAVERSE CITY	216,870	489,187	0	706,057
FT MYERS	595,083		0	595,083
BASE, GLOUCESTER CITY	593,816		0	593,816
BASE, KETCHIKAN	476,384		14,569	490,953
CAPE HATTERAS	489,086		0	489,086
GROUP, LONG ISLAND	484,267		0	484,267
ROCKLAND	479,982		0	479,982
AS, PORT ANGELES	366,653	94,268	17,600	478,521
STATION, JUNEAU	461,824		1,731	463,555
AS, NORTH BEND	74,512	337,328	0	411,840
BASE, MIAMI	382,926		16,237	399,163
BASE, ST.LOUIS	388,804		8,216	397,020
TOLEDO	369,122		0	369,122
GROUP, MUSKEGON	356,746		0	356,746
BASE, NEW ORLEANS	332,785		0	332,785
GROUP, SHINNECOCK	308,560		0	308,560
AS, SITKA	289,520		17,452	306,972
BASE, GALVESTON	293,454		6,505	299,959
BASE, CHARLESTON	262,175		16,669	278,844
GROUP, DETROIT	211,728		3,015	214,743
GROUP, BUFFALO	198,088		5,935	204,023
BASE, SAN PEDRO	152,396		13,130	165,526
SOUTHWEST HARBOR	165,398		0	165,398
BASE, SAULT ST. MARIE	160,337		0	160,337
BASE, MILWAUKEE	148,593		8,244	156,837
SANDY HOOK	99,334		0	99,334
MSO, PORTLAND	98,720		0	98,720
GROUP, HUMBOLDT BAY	83,580		2,462	86,042
SAND KEY	80,637		0	80,637
AS, SAN DIEGO	56,416		0	56,416
STATION, HOUSTON	45,708		7,058	52,766
BASE, FORT MACON	31,164		15,393	46,557
STATION, ALEXANDRIA	33,719		0	33,719
TOTAL DOMESTIC	**47,564,227**	**17,789,772**	**6,367,006**	**71,721,004**
AS, BORINQUEN	2,126,546	1,657,098	43,240	3,826,884
BASE, SAN JUAN	1,616,986		96,243	1,713,229
LORAN, ESTARTIT	44,431		0	44,431
LORAN, SELLIA MARINA	24,518		0	24,518
LORAN, LAMPEDUSA	20,357		0	20,357
LORAN, SYLT	18,456		0	18,456
LORAN, KARGABARUN	11,321		0	11,321
TOTAL OVERSEAS	**3,862,615**	**1,657,098**	**139,483**	**5,659,196**
SHIP STORES	240,994		81,364	322,358
TOTAL WORLDWIDE	**51,667,836**	**19,446,870**	**6,587,852**	**77,702,558**

SOURCE: U.S. COAST GUARD

Navy Resale and Services Support Office

NAVY EXCHANGES

Navy exchanges are implementing several programs that will benefit the personnel of the Navy who shop at their on-base stores.

☐ Credit cards: Implementation of credit card acceptance at ConUS exchanges has been completed, and contractual procedures for establishing credit card implementation at overseas exchanges later this summer are moving forward on schedule. In the first three months of operation, credit card sales were over $19 million.

Credit card transactions were initially accomplished by using electronic authorization devices that had response times of 40 to 60 seconds. In March, communications lines were installed that enabled electronic authorization of credit card purchases using electronic point of sale cash registers. This reduced validation time to about four seconds and enabled the customer to get faster service at the cash register. All Navy exchanges equipped with EPOS registers are using the quicker validation system.

☐ Concept shops: In the merchandising area, exchanges are establishing various concept type shops to appeal to specific segments of the customer population. Last March, women's petite and large size shops opened for the spring 1986 season at 19 ConUS exchanges. These 19 exchanges have annual women's wear sales of more than $750,000, and account for over 70 percent of ConUS women's wear sales.

The new special size shops were supported with open-to-buy dollars to provide for a continuous flow of new merchandise throughout the season. Buyers and visual merchandising representatives visited exchanges to help set up the departments with appropriate fixturing and adequate space allocation, in addition to advising on merchandise selections.

This fall, eight other exchanges with annual women's wear sales of over $500,000 will be added to the program. Exchanges participating in the program will then account for 85 percent of ConUS women's wear sales.

At those exchanges located in areas where there are larger concentrations of fleet personnel, young men's shops opened last March as well. These shops feature very contemporary styles in young men's fashions.

The other side of the coin from women's petite and large size shops are the big and tall men's shops, which will be opening this fall.

Big and tall sections will be available to customers at nine exchanges: New London, Conn., Newport, R.I.; Norfolk, Va.; Jacksonville, Fla.; Orlando, Fla.; southern California; San Francisco, Calif.; Seattle, Wash.; and Pearl Harbor, Hawaii. Open-to-buy funds have been allocated to these shops in order to keep them fully stocked with merchandise.

Research has shown that a need exists for better men's clothing in certain select areas where there are higher ranking personnel and retirees. Initially, three better men's clothing shops will be opened this fall at Moffett Field, Calif. and Alameda, Calif., and Little Creek, Va. If these shops prove successful, additional sites will be identified for implementation of the same concept next spring.

☐ Shoe program: Another area of merchandising encompasses our shoe program that was tested in Norfolk, Va., for six months at the four largest Navy exchanges in the Tidewater area.

Essentially, this program attempted to make an in-depth selection of basic shoe styles available to the customer. Features of the program included centralized inventory of 77 styles, automated stock control system for the exchanges and the distribution center, rapid replenishment through daily delivery from the distribution center to the store sales floors, increased sales clerks and specialized training, state-of-the-art fixtures, and early and appropriate markdowns.

The test was successful and resulted in sales increases of 15 to 25 percent. The shoe merchandising program is being expanded to each Field Support Office and major independent exchange in ConUS for immediate implementation.

☐ Fast food franchising: In 1985, a total of 33 McDonald's restaurants were in operation at Navy bases around the world. Although 19 of these outlets were open for only six months, sales by the McDonald's franchises exceeded plan by almost $4 million, with total sales of $36 million.

During the year, delivery orders for an additional 14 McDonald's were issued and six of these facilities have already opened this year, with the remainder scheduled to open later this summer. Delivery orders for 12 additional restaurants are expected to be issued. By the end of this year, 59 McDonald's will be open or under construction at Naval installations.

☐ Planogram program: The planogram program that was developed last year is now being implemented. Used extensively in commercial stores, planograms establish the number of facings and location of basic merchandise items and enable customers to locate the same merchandise in the same size store, even in different parts of the country. This is important to the highly mobile military customers that shop at exchanges. Industry input was obtained to ensure a wide range of product presentation to exchange customers rather than just presenting the basics of a category.

Implementation consists of these elements: (1) One high volume exchange in each region is reset and will serve as the prototype for the exchanges in the area. (2) The reset is accomplished by a NAVRESSO team working with regional and exchange personnel. (3) Field Support Offices and independent exchanges use the prototype exchange as the model for other resets.

Prototype implementation has been completed at Naval Submarine Base, New London, Conn. All other prototypes in ConUS will be completed by September, with nationwide implementation by the holiday season. FSOs will then develop a plan for implementation at overseas exchanges during 1987.

Procedures have been developed which permit monthly revisions to the planograms to ensure that new products are integrated into the merchandise mix and slow-selling items are deleted.

☐ Private label: Sale of Navy Exchange brand private label items continued to exceed expectations. For the first quarter of 1986, sales were $3.9 million, and the projection for the entire year is $16.5 million, compared to $15 million in 1985. NAVRESSO is in the process of developing new packaging for the entire line of vitamins, and assortments are being reviewed to improve availability of the most popular items.

Panty hose is the latest item in the Navy Exchange Brand category. Other classifications being reviewed for possible inclusion in the private label program are men's and boys' hosiery and underwear, sheets and pillowcases, auto batteries, film and soda.

The Harbor View line of women's wear has sold over 25,000 pairs of slacks since they were introduced about a year ago. This past spring, a Harbor View short-sleeved casual blouse and additional styles of slacks were introduced and are selling at a rate of 10,000 units. Items in men's wear and children's garments are current being looked at for possible inclusion in the Harbor View line.

☐ Store of the future: Contemporary retail organizations are reviewing store concepts that would serve as models for their future facilities. NAVRESSO is in the process of developing its "store of the future" as well. This project will result in a conceptual image for new and renovated Navy exchanges.

A contract has been awarded for the design and development of prototype stores for 10,000, 25,000 and 40,000 square foot facilities that would include interior and exterior design, merchandise department layout and overall image projection.

Final selection is planned for the fall of this year. Once the prototype is defined, a store scheduled for renovation will then be selected to test the project. This is a research and development investment that is expected to benefit Navy exchanges and the Navy customer for years to come in terms of shopping convenience, productivity and the unique benefits offered by the Navy exchanges.

NAVY COMMISSARIES

☐ Meat department: As part of the Commissary Business Strategy, Navy commissaries are projecting a new image in the meat department. The availability of USDA Choice meat in a friendly, personalized shop is being emphasized. Commissaries are creating customer awareness of these "country style butcher shops" through in-store signing and publicity in base newspapers. The commissaries want to let customers know that there are good prices and quality meats at their commissaries.

To ensure that a full variety of meats is available at all times to our customers, market ready tray-pack beef has been introduced at Navy commissaries. Tray packs are vacuum-packaged, ready-to-merchandise retail cuts of fresh beef that require no processing at store level. When the vacuum pack is opened, the meat blooms into full color and the cuts are placed in trays for sale to customers.

Tray packs will be used to supplement boxed beef at the end of the day, on paydays, weekends and where meat department staffing is inadequate.

Based on the positive test results of tray-pack beef in Great Lakes and the Mechanicsburg region, usage of these retail cuts will be expanded throughout the system. Currently, 50 percent of all ConUS commissaries and overseas commissaries in Bermuda, Puerto Rico and Guantanamo Bay, Cuba, are carrying tray-pack beef.

The Jacksonville region began testing the sale of tray-pack pork three months ago. If the results of this test prove as successful as the tray-pack beef, implementation systemwide is likely to follow.

☐ Produce department: Another key element of the Commissary Business Strategy is to enhance customer convenience and satisfaction through improved merchandising. Since the produce department sets the tone for the entire shopping experience, emphasis is being placed on quality and freshness and the number of items stocked has been significantly expanded.

This "blue ribbon" theme will carry over into the grocery department where merchandising efforts are also being stepped up. At our larger commissaries, the number of grocery line items has reached the 7,000 mark, which is very close to the 8,000 item goal targeted for 1989.

☐ Budget reductions: The Gramm-Rudman-Hollings Budget Reduction Act has impacted on the Navy commissary program. As a consequence, two commissary regions have been consolidated, headquarters staffing has been cut and two studies have been cancelled.

These reductions are being absorbed without the need to lessen operating hours or close stores. While fiscal year 1987 budgetary reductions have not yet been determined, it is hoped that the cuts will not have a harmful effect on Navy customers.

☐ Military personnel: The elimination of all officer billets in the Navy commissary program, along with the loss of enlisted billets, continues.

Forty-nine officer positions were identified for replacement under the civilian substitution (CivSub) program. As of 1 June 1986, 90 percent of the officers had been replaced with qualified civilian managers. Senior enlisted personnel will be filling 12 of the positions. CivSub will be completed by 1 October.

Last year, 196 enlisted billets were identified for deletion in Navy commissaries and funds were requested to provide civilian replacements for these billets. Subsequently, an additional 143 enlisted billets were targeted for deletion, leaving a total of 834 enlisted billets in the program. NAVRESSO is adjusting its military staffing program to obtain optimum use of these billets.

☐ Frequent delivery: The frequent delivery system whereby a commercial distributor makes nightly deliveries in shelf stocking quantities directly to commissaries, was originally tested in the San Diego area beginning in December 1983.

In the San Diego region, one distributor is delivering 1,850 dry grocery items and 718 refrigerated items to nine Navy commissaries.

The Norfolk Field Support Office began FDS in March 1985. Currently, two distributors are delivering a total of 2,819 items to the five commissaries in the area. On 1 April 1986, a third distributor, providing 202 line items, was added.

The six commissaries in the Pensacola region are receiving direct deliveries of 2,196 items. While the major portion consists of 1,932 dry items, 264 refrigerated items are provided.

In February 1986, one distributor began making direct deliveries of 777 line items to two commissaries — Newport, R.I., and New London, Conn. — in the New England area. The same distributor is now delivering to the other five commissaries in the area. Three additional distributors, delivering a total of 1,667 items to each of the seven stores, will come on-line in the very near future.

In June, the Auburn/Seattle area will begin receiving direct deliveries of 935 items that are currently warehoused. In September, 872 dry items currently received by direct store delivery will go to frequent delivery. This will be followed by 181 chill items in November and 548 freeze items in January 1987.

☐ Scanning: Scanning at Navy commissaries is moving along swiftly. Installation of front-end scanning in ConUS, Alaska and Hawaii commissaries has been completed. Electronic scanning registers have already been installed in Yokosuka, Japan, and Roosevelt Roads, Puerto Rico, and implementation at other overseas locations will be completed by October 1986.

Scanning has eliminated the need for the labor-intensive price-marking of individual items. Store personnel, freed from this task, can be used for more directly related customer services such as shelf stocking and front-end operations. Scanning also speeds up the checkout process and ensures the accuracy of pricing. In the not too distant future, scanning will be used for the automatic replenishment of store inventories.

☐ Automation: NAVRESSO is working on the development of the most modern and efficient bill paying system in the Navy with the merger of the Automated Retail Merchandising System (ARMS) and the Automated Commissary System (ACS).

The merger of these two programs into a common package is progressing. Equipment is in place at the Jacksonville Field Support Office, the prototype site, where the warehousing module is being tested. The direct store delivery module will be completed next, followed by the bill paying module.

User specifications for bill paying are completed and have been tentatively approved by the Comptroller of the Navy. The system includes mechanized control of all purchase documents, matching of invoices and the use of telecommunications to forward certified documents to NAVRESSO for payment.

With these and other programs currently being developed, the Navy exchanges and commissaries continue to explore new ways to make our customers completely satisfied with their exchange and commissary.

Rear Admiral Donald E. Wilson, SC, USN
Commander
Navy Resale and Services Support Office

Air Force Commissary Service

Model Installations Program

Innovative — that's what we have to be in the coming year so we can continue providing the high level of service our patrons have come to expect.

One of the most innovative ideas around today is the DOD's experimental Model Installation Program. Since September 1985, when we started, we've allowed 10 participating stores to waive AFCOMS-levied requirements after coordinating the change with their respective region commander or director.

Recently, we added the South Central Region in the program as a model region.

The whole idea is to remove any artificial encumbrances to running our stores. Many regulatory requirements may be outdated or just don't make sense anymore. Our job is to provide service, not necessary administrative tasks that detract from our primary mission.

As we eliminate inefficient tasks, our people have a lot more time to pump back into more productive patron-oriented initiatives.

It's a dynamic program that offers our managers the flexibility and authority to excell. Increasing our efficiency and productivity through the imagination and creativity of all our employees is the key to AFCOMS' future.

Contracting-Out

The contracting of nonessential military operations in our stores is another innovative idea that is paying big dividends.

When we started the program in 1979, with cost comparison studies for shelfstocking and custodial services, we had no idea it would streamline our operations so much.

It was so successful in improving our store productivity and lowering our operating costs that we expanded it in 1984 and 1985 to include some of our smaller stores.

These innovative contracting efforts are literally allowing us to do more with less — something all of us will have to get used to.

While the balanced budget act did trim $5 million from our operations and maintenance funds, we've managed to keep the effects on our shoppers to a minimum. Despite the cuts, we're even more committed to providing the excellent commissary service which has become an AFCOMS trademark.

ACOS

We're setting off in many new directions in the information systems area and fine-tuning our Automated Commissary Operation System and scanning programs. The results will benefit both AFCOMS and the military resale system with less paperwork — something we've taken a strong stand against.

The ACOS system has been operational at every region except Southeast since October 1985. Lackland was the first store to receive ACOS when it came on line April 1. Offutt and Maxwell AFBs are next on the list and should be operational by August.

ACOS' massive database should carry us well into the future, ready to meet the logistic challenges inherent with the grocery industry. Our people will be linked to every phase of store operations, from day-end reports to keeping track of inventory and charge sales. We'll also have instantaneous cross-feed between stores, regions and headquarters.

Personnel Development

Many freewheeling and creative ideas were expressed

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Troop Support Agency

Thus far in Fiscal Year 1986, the Army Troop Support Agency has had a productive and successful year, and the future promises to be even more progressive and challenging. Progressive because TSA is marching ahead with several major programs that will dramatically affect commissary operations and improve customer service. Challenging because we must achieve these goals while considering possible legislative actions affecting funding.

Some of these efforts and challenges include:

☐ Scanning: Under a contract with NCR Corp., TSA has been installing scanning systems in four commissaries a month since acceptance of the first NCR system last September.

As of the end of June 1986, 37 commissaries have been equipped through this contract. Counting the four commissaries that had scanning systems before the contract, we now have this technology operating on 547 checkouts, or 43 percent of our total checkouts worldwide.

Because of recent budget cuts, for the remainder of this year TSA will install scanning in only two to three commissaries a month. However, as we begin installing systems in the European Commissary Region next year, this rate will increase to as many as four commissaries a month.

The NCR contract includes a government option to extend scanning to all commissaries and annexes worldwide. If fully exercised, the option would not be completed until 1990.

☐ Commissary automation: In addition to scanning, I am also pursuing other avenues to automate commissary operations.

Last year, TSA contracted for an information systems plan which identified our critical information needs, users and suppliers, and their interrelationships. This year, we took another step forward by contracting for an information architecture study which defined the information flow among TSA's organizational levels (headquarters, regions and commissaries) and recommended the automation architecture to support it.

Our next step is to develop an implementation plan with commissary-level automation as the top priority. This plan will take advantage of the latest technology developed in support of grocery operations.

We are also awaiting the results of the Defense Personnel Support Center's test of Electronic Data Interchange as a means to transmit Universal Communications Standard information. The success of the DPSC test will determine the feasibility of using EDI/UCS in the Army commissary system.

TSA anticipates EDI will create a true paperless environment for orders and receipts.

These enchancements, along with automated meat market operations, bar coding for inventory and shelf stocking, and other automation initiatives now under way, provide the building blocks for an integrated system to manage and control all aspects of commissary operations.

The Army Commissary Automated System, or ACAS, will take these building blocks at the commissary level and integrate them with region and headquarters systems to allow maintenance of accountability, electronic data transmissions with commercial and government agencies and, most importantly, better customer service.

☐ Stock commonality: To standardize commissary merchandising, in early FY 85 I set a goal for all commissary regions to attain at least a 25 percent commonality of stockage. This effort ensures that our customers can buy the same basic, nationally-distributed products at any Army commissary around the world.

I am pleased to note that TSA achieved this goal in early FY 85.

☐ Customer savings program: TSA's customer savings program, the basic foundation for our merchandising/marketing efforts, has grown at an astounding rate. During the last two quarters of FY 85, customer savings increased 33 percent over the previous corresponding quarters.

The total savings from Voluntary Price Reductions and coupons for these three quarters — $57.1 million — represents 5.8 percent of total grocery sales for the period. These results are indicative of TSA's continuing commitment to improve the commissary benefit.

☐ Commissary construction: However, savings alone are not enough. To fully achieve our goals, we must give our customers state-of-the-art facilities.

Currently, the average age of Army commissaries worldwide is about 30 years, and TSA is doing everything possible to reduce that number. Through the third quarter, FY 86, four new commissaries were completed and opened at Sagamihara, Japan; Cairo, Egypt; Fort Jackson, S.C.; and Fort Meade, Md.

We currently have six projects under construction. Three are for new facilities at Hanau, Germany; Fort Lewis, Wash.; and Yongstan, Korea. Two are expansion and modernization projects at Forts Bragg, N.C., and Rucker, Ala. One is conversion of a warehouse to a commissary at Lexington-Bluegrass, Ky.

There are also 18 projects in various stages of design. These are located at Forts Drum, N.Y.; Irwin, Calif.; Leonard Wood, Mo.; Ord, Calif.; and Polk, La.; Carlisle Barracks, Pa.; Yuma Proving Ground, Ariz.; Presidio of San Francisco, Calif.; and at Fuerth, Patch Barracks, Robinson Barracks, Dexheim, Garlstedt, Vilseck, Wuerzburg, Zweibruecken, Erlangen and Aschaffenburg, Germany.

An additional 33 projects are programmed for construction through FY 92.

☐ Frequent delivery test: At the end of January 1986, the Fort Lewis, Wash., commissary concluded a six-month test of the frequent delivery system. The test involved 13 companies and more than 900 perishable and semiperishable products. The results of this test were outstanding, with two exceptions, as noted below.

Frequent delivery *advantages* included fewer not-in-stocks and faster recovery of those that were; reduced inventory levels and the stock fund dollars needed to maintain them; reduced double handling of stock from the remote warehouse to the commissary; and elimination of excess stock.

Specifically, the NIS rate dropped from 22 line items a day for the three months before the test to just three items a day during the test. Also, average monthly sales increased from $243,152 to $272,226.

The *drawbacks* of this delivery system were increased paperwork at both commissary and region levels, and cumbersome receiving procedures requiring many additional man-hours of work to verify deliveries.

So, TSA went back to the drawing board to develop quality assurance evaluation procedures to solve the problem. I have since authorized a 90-day frequent delivery test in which shipments are recorded by total case count instead of individual line item count.

☐ EURCOR reorganization: The European Commissary Region reorganization is being implemented incrementally as soon as the new automated data processing/telecommunications system can be made available to each district.

Computer hardware has been installed in the Frankfurt, Giessen, Stuttgart and Bamberg districts. The Heidelberg and Munich districts are scheduled to get the hardware this calendar year.

The software was successfully tested and installed in the Frankfurt district last fall. However, additional time and effort have been spent correcting some hardware and software problems discovered in the early stages of actual operation. Actions are now underway to solve these problems before implementing the system in our larger districts.

☐ Challenges: The biggest challenge facing TSA is achieving our goals under the shadow of the Gramm-Rudman-Hollings budget balancing law.

As a result of this legislation, the agency's FY 86 budget was cut approximately $12 million. This cut forced TSA to limit its program for expanding commissary operating hours, reduce installation of scanning from four to three sites a month, eliminate all but mission essential training and travel, postpone establishment of several new commissary annexes, discontinue the commissary reset program and slash the summer hire program at the headquarters and commissary regions.

Overall, TSA's support to soldiers and their families has not been significantly reduced below the level provided before the budget cuts. However, improvement programs have been curtailed and I cannot predict what looms over the horizon, but we must be prepared for the storm. For this reason, TSA has developed contingency plans to address possible future budget reductions.

This challenge will make our goal of improving the quality of life for soldiers and their families more difficult to attain. But by using resources wisely and efficiently, TSA will weather the challenge and pursue every possible effort in "Serving the Most Deserving."

Brig. Gen. James S. Hayes, USA
Commander
U.S. Army Troop Support Agency

Defense Logistics Agency/ Defense Personnel Support Center

Buying both perishable and semi-perishable food for more than 9 million American service personnel, their eligible dependents, and other customers worldwide is a very complex task. But for the Defense Logistics Agency and its Philadelphia-based Defense Personnel Support Center, it's a job that's done with a high degree of commitment and efficiency.

With buying activities located throughout the United States and Europe, DLA currently purchases approximately $1.7 billion worth of food to be served in dining halls and for sale in 99 overseas commissary stores. Another $2.6 million is procured for resale in commissaries located in the United States.

Procuring quality food at fair and reasonable prices and making sure it gets to the customers in a timely manner are two of our chief priorities. To accomplish this, we have undertaken several initiatives. These include requiring proper vendor documentation, penalizing delinquent vendors, narrowing the price gap between overseas and stateside commissaries, improving transmission of orders to vendors, and revising and automating the Supply Bulletin program.

Let me explain each of these in further detail.

☐ Shipment documentation: When a van arrives at an overseas destination with missing or incomplete documents, its contents may sit for weeks until the documents are forwarded or until the order is properly verified.

In order to alleviate this problem and consequently keep store shelves stocked, our Defense Personnel Support Center is making vendors follow certain shipping requirements.

Vendors have been notified that for all source load shipments, they must have a copy of the DPSC Form 300-M (Order for Subsistence) in the van and distribute copies of the form in a timely and accurate manner. They should be sent at time of shipment and should reflect accurate information relative to items, prices and quantities shipped and all data required in blocks 16 through 28.

Documents should be forwarded to both the Center's Office of Transportation (Attn: DPSC-NMB), and the Commissary Support Branch (Attn: DPSC-SPC).

In addition, all required health certificates must be forwarded with original signatures as required.

☐ Penalizing delinquent vendors: Vendors who do not comply with the requirements may experience withholding of fast pay privileges until the proper documentation is received.

Also, as of April 1986, DPSC has begun assessing a $200 fee on all vans received at the commissary stores without proper documentation. With these shipping requirements in place, DPSC will be better able to serve its customers.

Next, let's take a look at revised shipment times for semi-perishable orders. On May 1, 1986, everyone involved in the pipeline agreed to adjust the order-ship-time to Europe from 55 to 75 days so goals of on-time delivery to the commissaries could be achieved.

Under the 75 day order-ship-time to Europe policy, our agency still requires vendors to deliver food within 14 days. During days 15-22, vendors will be afforded a period of forebearance. After the twenty-second day, DPSC will begin to impose penalties.

As a result of a more stringent delivery policy, backlogs at the depots and van bunching overseas will be greatly reduced.

☐ Narrowing the price gap between overseas and stateside commissaries: Through our DPSC's subsistence directorate's active participation in the Voluntary Price Reductions program, we have effectively narrowed the gap between the prices a customer pays in the continental United States and in overseas commissaries.

Under the program, vendors offer a temporary reduction in price, either as a promotional incentive or to help reduce inventory of slow moving brands. To date, over 16,000 up-front VPRs have been offered on brand name items for resale in overseas commissary stores.

In addition, messages on all VPRs are now sent to overseas stores in advance to tell them of upcoming special buys.

The system to help the services compute actual savings realized as a result of VPRs is being computerized. By this summer, we expect to be able to advise them of both the regular price and the VPR price on the delivery documentation accompanying the delivery.

☐ Improving transmission of orders to vendors: In the area of electronic data interchange, DPSC is also moving forward with plans to start a new system of transceiving orders to vendors by using the Uniform Communications Standard/Electronic Data Interchange. A successful preliminary transmission with the Procter & Gamble Company has been completed.

Implementation of EDI will result in Subsistence's customers receiving their products in a more timely manner.

☐ Revising and automating the Supply Bulletin program: In spite of the work involved in revising the Supply Bulletins, August 1, 1986, has been established as the target date when all vendors must revise them to reflect case and unit Universal Product Codes.

DLA is excited about DPSC's plan to improve the Supply Bulletin, the fifth in its series of initiatives. This improvement is part of the continuing effort to provide the store patron with the best product at the lowest price by moving more into the age of automation.

To accomplish this, DPSC plans to connect optical character readers to several existing personal computers. The readers are designed to convert several different styles of printed material into electronic information compatible with the personal computer. The personal computer will then reformat the information as needed, store it in its memory, and send it to the mainframe on a daily basis. This process will eliminate having to key-in Supply Bulletin data.

Plans are also on the board for development of on-line hookups with industry. This will allow them the capability to input Supply Bulletin information directly to DPSC's data bank.

To improve services to the commissary stores, a new list of items and prices, also referred to as a broadcast, has been coordinated and will be greatly expanded from its current form to contain all the information now contained in the Supply Bulletins.

This broadcast, which will be generated from DPSC's computer system on-line to the military services' headquarters, eliminates the need for hard copy Supply Bulletins. In addition, it also reduces the time lags between receipt of price changes and new items here at DPSC, and ensures customers are notified of such updates.

Through these and other on-going actions, the Defense Logistics Agency, a dynamic partner with the military services, continues to enhance its timely and efficient support to our armed forces and, in turn, improve their readiness.

Maj. Gen. Donald P. Litke, USAF
Deputy Director
Defense Logistics Agency

Veterans Canteen Service

During FY 1985 a number of initiatives were undertaken that have resulted in better goods and services being provided to Veterans Canteen Service customers. Among these were:

☐ Initiation of a strategic planning and management process that specifically addresses merchandise mix, pricing policies, marketing techniques, merchandise acquisition, merchandise distribution, sales promotion, store and cafeteria design and layout, and training.

☐ Recommendations resulting from planning task force efforts were assessed and those approved were either implemented during the fiscal year or plans were formulated to implement them during FY 1986 (e.g., acceptance of manufacturers' cents-off coupons). Field office staff and canteen chiefs played a major role on these task forces.

☐ Strengthening of the VCS "buying office" and buying procedures have resulted in more timely acquisition of merchandise at even more favorable cost prices.

☐ Full-scale implementation of a women's ready-to-wear and accessories program at over 100 VA medical centers has helped to more appropriately provide for the needs of female veterans hospitalized in or treated at VA medical centers.

☐ Greater involvement of non-Central Office components in the selection of merchandise items for price agreement listings available to individual canteens.

☐ Increased and improved communication between VCS Central Office and VCS field offices.

☐ System-wide implementation of an automated financial management information system, and implementation of an ADP budget formulation capability.

☐ Establishment of a VCS equipment budget review committee has improved the review and decision-making process in allocating limited resources for equipment-related expenditures.

☐ Upgrading of food specials offered in VCS cafeterias.

☐ Implementation of improved VCS catering guidances.

☐ Enhancement of VCS awareness of private sector activities through initiating membership in the National Retail Merchants Association and the National Restaurant Association.

☐ Formulation of a plan of reorganization that will improve the efficiency and effectiveness of the VCS to deliver its goods and services to veterans hospitalized in VA medical centers and to other authorized patients, while realizing considerable estimated recurring savings in VCS operating expenditures.

The VCS operates as a commercial-type enterprise on a revolving fund basis, annually budgeting to net only as much income as will be necessary to maintain current operations and needs for the ensuing fiscal year.

Total sales for FY 1985 were $183,035,000. These figures represent retail sales of $101,894,000, food sales of $76,602,000, and service sales of $4,539,000.

During fiscal year 1985, the VCS customer spent approximately 56¢ of each sales dollar on retail merchandise, 31¢ of each sales dollar on cafeteria food and beverages, 11¢ of each sales dollar on vended beverages and food, and 2¢ of each sales dollar on VCS services such as dry cleaning and photofinishing.

Background

On August 7, 1946, the 79th Congress of the United States passed a public law establishing the Veterans Canteen Service (VCS).

The VCS is a non-appropriated operating component of the Veterans Administration's Department of Medicine and Surgery. Its primary purpose is to make available to veterans in VA health care facilities, articles of merchandise and services essential to their comfort and well being, at reasonable prices.

A secondary purpose is to make available, at reasonable prices, food services to VA medical center employees, volunteers and visitors, and selected food services to medical center patients.

The VCS organization presently consists of a Central Office staff, located in Washington, D.C.; three regional field offices (located in Somerville, N.J.; Atlanta, Ga.; and Denver, Colo.); a finance center located in St. Louis, Mo; and 172 field "canteens" located in VA medical centers throughout the United States and in the Commonwealth of Puerto Rico.

The VCS Central Office staff bears responsibility for the development of policies, plans and procedures for the establishment, management and operation of the canteens, and for the issuance of policies and procedural instructions to the field offices, finance center and canteens.

Staffing

☐ Service management is headed by a director, who functions as the chief executive officer.

☐ The deputy director is the principal assistant of the service director, functioning as chief operating officer. The deputy is responsible for all merchandising, facilities development, remodeling and activation, all activities supporting operations, and for management of the activities of each of the three field directors, who bear responsibility for administration and operation of canteens within one of three VCS regions.

VCS Central Office contains a merchandise procurement division, a retail store support division, a food operations support division, a design and layout division, a personnel and administrative division, a budget and finance division, and a planning and evaluation staff.

☐ The merchandise procurement division includes a buying staff who regularly shop the market to identify, category by category, those merchandise items that they feel represent the best values for VCS customers; negotiate the best prices, terms and delivery schedules possible and make this information available through national price agreement listings to each canteen chief so that he or she may place orders (within merchandise inventory guidelines) to stock their retail stores.

The division also places system-wide orders for special promotional "one time buy" items for delivery to participating canteens. Canteens provide — through the field offices — the quantities that they wish to order; the Central Office division places the consolidated system-wide order.

Since the VCS has no national warehousing, each canteen orders its individual requirements for merchandise on a direct basis.

☐ The retail and food support divisions develop procedural guidelines on marketing and merchandising, which are disseminated to field offices and canteens to assist them in maximizing sales and providing maximum service to our customers.

These divisions also provide analysis of operating results, provide assistance on design and layout of new and to be renovated retail stores and cafeterias, advice on the selection of fabricated equipment and fixtures, and a variety of other support services.

These divisions are charged with keeping current of retail merchandise and food trends and customer preferences so that canteens can be advised about what our customers will want.

☐ The design and layout division is responsible for working with VA medical centers, VCS field offices and the VA Office of Construction on new construction and remodeling projects. The service is continually modernizing its retail stores to that customers will have easy accessibility to merchandise, and also its cafeterias to provide easy accessibility to and within and from the cafeteria, as well as to improve the quality of food preparation, presentation, and seating.

☐ The personnel and administrative division and the budget and finance division provide specialized support to Central Office, field office, finance center and canteen operations.

☐ The planning and evaluation staff, recently established, is responsible for coordinating all strategic and tactical planning and evaluation. To date, the chief of this staff has coordinated activities of the VCS retail store planning task force, the food planning task force, merchandise procurement task force and the management information system task force.

☐ The VCS finance center, located in St. Louis, is headed by a center director. This individual reports to the service deputy director and administers all manual and ADP activities of the center.

☐ The VCS audit staff is also located in St. Louis. The staff performs regular financial audits and vulnerability assessments of the canteens' field offices and the finance center. The staff also performs special financial audits and investigations as determined by the service director.

☐ Each field office bears responsibility for the administration of VCS activities within a specific VCS region, for program management, quality assurance, training, construction and remodeling project management, and a variety of program support activities.

☐ Each VCS canteen is headed by a chief who has a background and experience in retail and food merchandising and management. Each canteen contains a retail store, cafeteria, one or more vending areas, and may include a barber shop, beauty shop, and offer dry cleaning, photofinishing, and other services.

Canteens are planned in size, staff and with equipment, fixturing and merchandise to meet the particular needs of patients at each VA medical center. Patient mix (i.e., general medicine, surgical, psychiatric, spinal cord injury, etc.) has a strong influence on the canteen design layout, staffing and merchandise mix. Although the degree of service may vary, the pattern of services remains uniform systemwide.

The VCS received an appropriation of $4,965,000 for its activation more than 39 years ago. Since that time (1946), the VCS has paid more than double that amount (through FY 1982) to the U.S. Treasury, and approximately 11 times that amount to the VA for rent, utilities and other services.

Dr. Robert Leyton
Acting Director
Veterans Canteen Service
Veterans Administration

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at our first worldwide commissary officers conference. The message was very clear from our people in the trenches — get more control back to the commissary officer, simplify regulations, and help employees develop professionally.

Their ideas have been a catalyst for AFCOMS, and the results promise to improve our operations even more.

As a result, we've established a personnel development or training function with the primary purpose of developing the potential of all our employees — military and civilian.

Several actions are under way to help reach that goal, including building new training classrooms with a "mock" store at AFCOMS headquarters. We're also developing new courses on videocassettes to be used at stores.

A civilian career planning guide has been developed and every employee will get a copy when it's published. This guide is designed to show our people what steps are necessary to progress to any job within AFCOMS. A similar guide is being developed for our military.

Simplifying Regulations

Simplifying regulations is no easy task, but we've managed to streamline ours with a series of "How-to" pamphlets written in kitchen English. Our people will keep their pamphlets in their department area for each access. Subjects include customer service, grocery, meat, and produce departments, along with warehouse, store administration and troop support.

In the coming year, AFCOMS will continue to look for innovative ideas that will streamline operations and improve service. That's why we're in the business.

Maj. Gen. M. Gary Alkire, USAF
Commander
Air Force Commissary Service

1986
ALMANAC

Military Market index

COMMISSARIES

		MARCH			YEAR TO DATE		
		CY'86	CY'85	% CHANGE	CY'86	CY'85	% CHANGE
	CONUS	$152,901	$156,609	–2.37	$460,202	$449,227	2.44
	OVERSEAS	29,662	31,471	–5.75	86,039	90,142	–4.55
AIR FORCE	TOTAL	**182,563**	**188,0[illegible]0**	**–2.93**	**546,241**	**539,369**	**1.27**
	CONUS	108,885	111,825	–2.63	316,575	314,685	0.60
	OVERSEAS	35,280	32,655	8.04	101,535	93,450	8.65
ARMY	TOTAL	**144,165**	**144,480**	**–0.22**	**418,110**	**408,135**	**2.44**
	CONUS	75,743	75,975	–0.31	194,170	191,342	1.48
	OVERSEAS	8,504	8,218	3.48	21,597	21,190	1.92
NAVY	TOTAL	**84,247**	**84,193**	**0.06**	**215,767**	**212,532**	**1.52**
	CONUS	15,576	15,694	–0.75	42,260	42,151	0.26
	OVERSEAS	249	211	18.01	768	695	10.50
MARINE CORPS	TOTAL	**15,825**	**15,905**	**–0.50**	**43,028**	**42,846**	**0.42**
	CONUS	257	302	–14.90	754	867	–13.03
	OVERSEAS	267	263	1.52	907	870	4.25
COAST GUARD	TOTAL	**524**	**565**	**–7.26**	**1,661**	**1,737**	**–4.38**
	CONUS	$353,362	$360,405	–1.95	$1,013,961	$998,272	1.57
ALL	OVERSEAS	$73,962	$72,818	1.57	$210,846	$206,347	2.18
COMMISSARIES	TOTAL	**$427,324**	**$433,223**	**–1.36**	**$1,224,807**	**$1,204,619**	**1.68**
GROCERY STORES	U.S.[1]	$22.816	$21.785	4.73	$66.195	$62.565	5.80

EXCHANGES

		MARCH			YEAR TO DATE		
		CY'86	CY'85	% CHANGE	CY'86	CY'85	% CHANGE
	CONUS	$233,654	$232,130	0.66	$662,493	$627,802	5.53
	OVERSEAS	164,146	150,095	9.36	470,253	428,409	9.77
AAFES	TOTAL	**397,800**	**382,225**	**4.07**	**1,132,746**	**1,056,211**	**7.25**
	CONUS[2]	85,635	87,678	–2.33	222,567	232,461	–4.26
	OVERSEAS[2]	36,220	34,932	3.69	96,531	98,838	–2.33
NAVY	TOTAL[2]	**121,855**	**122,610**	**–0.62**	**319,098**	**331,299**	**–3.68**
	CONUS	28,121	29,538	–4.80	77,366	78,313	–1.21
	OVERSEAS	5,131	4,684	9.54	14,041	13,586	3.35
MARINE CORPS	TOTAL	**33,252**	**34,222**	**–2.83**	**91,407**	**91,899**	**–0.54**
	CONUS[3]	6,699	6,607	1.39	18,382	17,916	2.60
	OVERSEAS[3]	499	509	–1.96	1,369	1,429	–4.20
COAST GUARD	TOTAL[3]	**7,198**	**7,116**	**1.15**	**19,751**	**19,345**	**2.10**
	CONUS[4]	1,365	1,290	5.81	4,269	3,670	16.32
	OVERSEAS[4]	3,364	3,812	–11.75	10,204	10,342	–1.33
MAIL ORDER	TOTAL[4]	**4,729**	**5,102**	**–7.31**	**14,473**	**14,012**	**3.29**
	CONUS	$355,474	$357,243	–0.50	$985,077	$960,162	2.59
	OVERSEAS	$209,360	$194,032	7.90	$592,398	$552,604	7.20
ALL EXCHANGES	TOTAL	**$564,834**	**$551,275**	**2.46**	**$1,577,475**	**$1,512,766**	**4.28**
DEPARTMENT STORES	U.S.[1]	$10.761	$9.984	7.78	$26.764	$25.382	5.44

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard. NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.

C8910-1A

Military Market

GAZINE FOR THE MILITARY RETAIL SYSTEM ARMY TIMES PUBLISHING COMPANY AUGUST 1986 $4.00

Coast Guard's HQ Triumvirate

ommander Jack Voden, flanked by s cohorts, program analyst Ralph riscoll and assistant resale division ief Mark Carscallen.

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MARKET REPORTS:

- It's Back-to-School Time,
- Snack Foods Get Fruity,
- And Bicycles Gear Up.

PLUS: . . . Get Ready for the FDC Shuffle!

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COVER PHOTOGRAPH BY TRACY WOODWARD; AAFES PHOTO BY KEVIN CLEMENS

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serving the military resale system

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AAFES: Smoking restrictions are local decisions

Exchanges in health care facilities must stop selling tobacco products, if local commanders ask them to.

The new policy, announced July 1 by the Army and Air Force Exchange Service and now in effect, was described in a letter by AAFES Commander Army Maj. Gen. John E. Long to AAFES overseas commanders and ConUS region chiefs. It also applies to vending machines and food outlets in base hospitals and clinics.

Previously, AAFES would agree to halt tobacco sales in a health facility, only if the commander banned tobacco use in the facility as a whole, said Capt. Mary-Ann Neri, an AAFES spokeswoman in Dallas.

Under the new policy, she said, AAFES could discontinue tobacco sales at hospitals, even if smoking is still allowed in patients' rooms.

The new policy came at the request of Air Force and Army commanders at various levels, Neri said.

Patti Turner, a spokeswoman for the Air Force surgeon general, said she was not aware of any hospitals where commanders had halted the sale of smoking products.

"AAFES is not suggesting that anyone" ban tobacco sales in hospitals, Neri said. "We're just going on the record as saying, 'We'll do what you want . . .' It's a local command decision."

The effects of those decisions could put some of the smaller clinic and hospital retail stores out of business, Neri said — especially where tobacco sales keeps the store profitable. (AAFES usually closes losing or marginal operations, she added.)

Base or hospital commanders may have to weigh the benefits of discouraging smoking against the inconvenience of losing an exchange store that also sells other goods, Neri said.

"It's going to affect business .... You're going to have to look at the possiblity of closing," said Neri. "It's got to be a weighed decision."

In any case, tobacco products will still be available in the base commissary, even if a commander decides to prohibit their sale in the hospital.

DoD sticks to guns on smoking

Congress is pulling the Pentagon in different directions over the military's new anti-smoking campaign.

A group of senators say too little is being done and want tobacco prices on base increased. A larger group of congressman are complaining the Pentagon has gone too far.

In the middle, the Pentagon is sticking to its guns.

Health and manpower officials who were once at odds over military smoking policy now agree that the best solution to what some officials call "the smoking epidemic" is a tough anti-smoking education campaign coupled with restrictions on the use of tobacco in the workplace.

Telling the Pentagon its anti-smoking campaign has already gone too far are 30 congressmen, including several congressional leaders, who sent a letter to Defense Secretary Caspar Weinberger that attacked the smoking policy on several fronts.

The letter, sponsored by Reps. Dan Daniel, D-Va., and Larry J. Hopkins, R-Ky., questioned whether "it [is] not reasonable to conclude that next to be banned will be caffeine, red meat, sugar, non-sugar sweeteners and other items which some classify as hazardous to one's health?"

"The military is a high-stress environment, and to restrict the availability of tobacco products may very well add to that stress," the letter added.

Pushing the Pentagon for a stronger anti-smoking stance is Sen. Jeff Bingaman, D-N.M., who introduced a measure in the Senate Armed Services Committee to raise cigarette prices in commissaries, exchanges and ships stores. *[EDITOR'S NOTE: See separate story.]* Bingaman's proposal would make cigarette prices on base equal off-base prices.

The defeat came because the majority of the committee believed raising prices was "social engineering," Bingaman said. He vowed to reintroduce the measure when the full Senate considers the fiscal 1987 Defense Authorization bill.

Fifty-two percent of servicemen and 47 percent of servicewomen smoke, compared to 36 percent of men and 29 percent of women in the civilian population. The Pentagon has announced ambitious plans call for a 5 percent drop per year in tobacco use by service members.

Bingaman's aides estimate the higher price would reduce cigarette sales in the military by 43 million cartons. However, raising prices to match the prevailing rate off base would also increase profits by $202 million, they estimate.

Bingaman said DoD's own studies "justified this option" because of evidence that a 10 percent increase in the price of cigarettes will result in a 14 percent decrease in smoking for persons aged 17 to 19. An anti-smoking campaign without raising cigarette prices is counter-productive, he said.

While Bingaman and the seven other senators are arguing that DoD should do more, House members say DoD has gone too far. Daniel, the chairman of the House Armed Services Committee's Readiness Subcommittee that oversees military commissary and exchange operations, and Hopkins, the ranking member on the Armed Services Committee's Investigations Subcommittee, have complained the anti-smoking campaign has already gone too far.

Among those signing their letter to Weinberger complaining about the military's anti-smoking efforts were such heavyweights as appropriations committee chairman Rep. Jamie L. Whitten, D-Miss., defense appropriations subcommittee chairman Rep. Bill Chappell Jr., D-Fla.

Other armed services committee members signing the letter included Reps. Norman Sisisky, D-Va.; G.V. "Sonny" Montgomery, D-Miss.; Beverly B. Byron, D-Md.; Patricia Schroeder, D-Colo.; Marvin Leath, D-Tex., and Bill Nichols, D-Ala.

It suggested a tough anti-smoking stand by the services may discourage people from enlisting because "the services intend to force them to surrender these previously available and still socially acceptable pastimes."

Pentagon officials have had difficulty deciding what approach to take in responding to Daniel, but say they are unpersuaded by any of the arguments to change their anti-smoking campaign.

Tobacco Sales in Military Stores

CURRENT PLAN

COMMISSARIES		CARTONS SOLD	GROSS SALES	GROSS COST	PROFIT
AIR FORCE	ConUS	34.10	$225.74	$214.83	$10.91
	Overseas	7.40	30.98	29.08	1.48
ARMY	ConUS	18.70	123.79	117.81	5.98
	Overseas	7.50	30.56	29.48	1.50
NAVY	ConUS	0.90	5.96	5.67	0.29
	Overseas	0.30	1.24	1.18	0.06
TOTAL		**68.90**	**$418.27**	**$398.05**	**$20.22**

EXCHANGES		CARTONS SOLD	GROSS SALES	GROSS COST	PROFIT
AAFES	ConUS	11.1	$88.80	$69.93	$18.87
	Overseas	4.9	27.93	19.26	8.67
NAVY	ConUS	11.3	90.40	71.19	19.21
	Overseas	1.7	9.69	6.68	3.01
MARINES	ConUS	2.0	16.00	12.60	3.40
	Overseas	0.6	3.42	2.36	1.06
TOTAL		**31.6**	**$236.24**	**$182.02**	**$54.22**

SHIP'S STORES		CARTONS SOLD	GROSS SALES	GROSS COST	PROFIT
NAVY	ConUS	2.5	$18.13	$15.75	$2.38
	Overseas	1.6	7.20	6.29	0.91
TOTAL		**4.1**	**$25.33**	**$22.04**	**$3.29**
GROSS TOTAL		**104.60**	**$679.84**	**$602.11**	**$77.73**

(all figures in millions, for fiscal 1985)

NOTE: Marine Corps commissaries do not sell tobacco products, and most Navy commissaries do not sell tobacco products.

SOURCE: Department of Defense Report on Smoking and Health in the Military, March, 1986.

BINGAMAN PLAN

COMMISSARIES		CARTONS SOLD	GROSS SALES	GROSS COST	PROFIT	ADDED PROFIT
AIR FORCE	ConUS	17.05	$171.52	$107.42	$64.10	$53.19
	Overseas	6.29	63.28	24.72	38.56	37.08
ARMY	ConUS	9.35	94.06	58.91	35.15	29.17
	Overseas	6.38	64.18	25.07	39.11	37.61
NAVY	ConUS	0.45	4.53	2.84	1.69	1.40
	Overseas	0.26	2.62	1.02	1.60	1.54
TOTAL		**39.78**	**$400.19**	**$219.98**	**$180.21**	**$159.99**

ASSUMPTIONS: 50% reduction in U.S. sales, 15% reduction in overseas sales and no reduction in total current levels of commissary profit (surcharge).

EXCHANGES		CARTONS SOLD	GROSS SALES	GROSS COST	PROFIT	ADDED PROFIT
AAFES	ConUS	5.55	$55.83	$34.97	$20.86	$1.99
	Overseas	4.17	41.95	16.39	25.56	16.98
NAVY	ConUS	5.65	56.84	35.60	21.24	2.03
	Overseas	1.45	14.59	5.70	8.89	5.88
MARINES	ConUS	1.00	10.06	6.30	3.76	0.36
	Overseas	0.51	5.13	2.00	3.13	2.07
TOTAL		**18.33**	**$184.40**	**$100.96**	**$83.44**	**$29.22**

ASSUMPTIONS: 50% reduction in U.S. sales, 15% reduction in overseas sales and no reduction in allowance for current system operating expenses.

SHIP'S STORES		CARTONS SOLD	GROSS SALES	GROSS COST	PROFIT	ADDED PROFIT
NAVY	ConUS	2.13	$21.43	$13.42	$8.01	$5.46
	Overseas	1.36	13.68	5.34	8.34	7.43
TOTAL		**3.49**	**$35.11**	**$18.76**	**$16.35**	**$13.06**

ASSUMPTION: 15% reduction in sales.

GRAND TOTAL		**61.60**	**$619.70**	**$339.70**	**$280.00**	**$202.27**

(all figures in millions, for fiscal 1985)

Bicycling Goes BOOM!

It's a sport that involves all ages and income groups. And its time has decidedly come, as promoters and marketers gear up for the next, great sports explosion in America.

By ROBERT DEVANEY
Managing Editor

WHAT DO ERIC HEIDEN, Greg LeMond and Jim Warsinske have in common?

It's bicycling, and bicycling has become a big deal — a big deal in American sports *and in business.*

Eric Heiden and Greg LeMond raced in July's Tour de France.

LeMond also heads up the American push for bicycling respect, leading the pack to the 1986 World Cycling Championships at Colorado Springs, Aug. 27 – Sept. 7.

Warsinke is a retired Air Force officer, who is general manager of the world championships, and cites the Colorado event as "a key step in the evolution of cycling in the U.S.," according to *Bicycling* Magazine.

At Colorado Springs, the races are literally elevated: 6,000 feet at the race track; 7,200 feet at the 9.5-mile road course, placed within the grounds of the Air Force Academy.

With over 200,000 spectators expected, Colorado Springs officials predict $7 million in revenues.

Yes, bicycling now translates into big bucks.

And good old, American enterprise is right there, including the Army and Air Force Exchange Service.

The Ohio Valley Exchange Region hopes to cash in on the championships with special promotions.

At MILITARY MARKET press time, few details were available, but Brian Macfawn, an OVER buyer, said the region is negotiating with Levi. (Levi is sponsoring one of the teams that will be participating in the races.)

The Ohio Valley Exchange Region wants to get some cyclists into the Air Force Academy and other exchanges for autographs and photographs.

"Hopefully, we'll get some in," Macfawn said.

The Army and Air Force Exchange Service sold 109,425 bicycles in 1985, for a sales total close to $12 million.

AAFES is high on bikes: "We're already beginning two high-sales season. Bicycles are always popular during the spring and summer months, when — with the exception of Christmas — sales are highest."

Exchanges sell a typically wide range of bicycles: touring (comfortable, three- or ten-speeds); racing (lightweight, 10 or more speeds); specialty (beach or all-terrain); high rise (banana seat and brace); and BMX (bicycle-motor-cross, mud tires, superstrong welds). BMX bikes accounted for 19 percent of all AAFES bicycle sales in 1985.

While sales for most sports will decline or be flat this year, sales of bikes and accessories will rise significantly, according to the National Sporting Goods Manufacturers Association.

Also, said the association, shipments of domestic and foreign bicycles in 1985 were around 10.3 million.

Bicycling is displaying all the promotional potential that tennis had in the late 1960s, observed one bicycling enthusiast. Cycling is ready to hit the mainstream of sports potential, because cyclists perform by themselves and their faces are not obscured by masks or large helmets, the industry observer said.

And apparently, big business agreed.

The Southland Corp., owner of 7-Eleven stores, shelled out $200,000 to be the lead sponsor for this year's the World Cycling Championships in Colorado.

Waving $1.5 million, Coca-Cola outbid Perrier last year to become the Tour de France's official drink. Hewlett-Packard and Adidas have also grabbed a big piece of the Tour's promotional pie.

Involving people of all ages and shapes, bicyclists are the fastest-growing pack of sports enthusiasts in the country and are ready to spend hundreds, sometimes thousands, of dollars on their bikes and accessories.

In 1986, bicyclists will spend $2.2 billion on bikes, helmets, shoes, clothing, packs and other accessories, industry leaders predicted. That's 26 percent more than 1985.

The nation's 80 million cyclists are expected to buy 11.4 million bikes this year, tying 1985 sales figures and beating out every year since 1974, predictions continue. Consumers will spend over $1.3 billion on bikes. MM

Peddle Power for AAFES Bicycle Sales, 1985

Category	Units	Dollars
Girl's High Rise	12,973	$ 945,466
BMX	21,380	$2,223,659
Women's Racing/Touring	26,351	$2,762,873
Men's Racing/Touring	43,226	$5,212,849
Specialty/Other	5,495	$ 635,224
TOTAL		**$11,780,071**

Military Market index

COMMISSARIES

		APRIL			YEAR TO DATE		
		CY'86	CY'85	% CHANGE	CY'86	CY'85	% CHANGE
AIR FORCE	CONUS	$155,897	$146,832	6.17	$616,098	$596,059	3.36
	OVERSEAS	28,344	28,814	−1.63	114,383	118,956	−3.84
	TOTAL	**184,241**	**175,646**	**4.89**	**730,481**	**715,015**	**2.16**
ARMY	CONUS	108,885	102,795	5.92	425,460	417,480	1.91
	OVERSEAS	36,015	29,715	21.20	137,550	123,165	11.68
	TOTAL	**144,900**	**132,510**	**9.35**	**563,010**	**540,645**	**4.14**
NAVY	CONUS	56,261	57,318	−1.84	250,431	248,661	0.71
	OVERSEAS	6,761	6,354	6.41	28,358	27,544	2.96
	TOTAL	**63,022**	**63,672**	**−1.02**	**278,789**	**276,205**	**0.94**
MARINE CORPS	CONUS	14,081	13,563	3.82	56,340	55,714	1.12
	OVERSEAS	281	239	17.57	1,050	934	12.42
	TOTAL	**14,362**	**13,802**	**4.06**	**57,390**	**56,648**	**1.31**
COAST GUARD	CONUS	249	202	23.27	1,002	1,069	−6.27
	OVERSEAS	347	313	10.86	1,254	1,183	6.00
	TOTAL	**596**	**515**	**15.73**	**2,256**	**2,252**	**0.18**
COMMISSARIES	CONUS	$335,373	$320,710	4.57	$1,349,331	$1,318,983	2.30
	OVERSEAS	$71,748	$65,435	9.65	$282,595	$271,782	3.98
	TOTAL	**$407,121**	**$386,145**	**5.43**	**$1,631,926**	**$1,590,765**	**2.59**
GROCERY STORES	U.S.[1]	$22.013	$21.342	3.14	$88.245	$83.907	5.17

EXCHANGES

		APRIL			YEAR TO DATE		
		CY'86	CY'85	% CHANGE	CY'86	CY'85	% CHANGE
AAFES	CONUS	$247,404	$244,915	1.02	$909,897	$872,717	4.26
	OVERSEAS	177,210	159,983	10.77	647,463	588,393	10.04
	TOTAL	**424,614**	**404,898**	**4.87**	**1,557,360**	**1,461,110**	**6.59**
NAVY	CONUS[2]	94,310	93,611	0.75	316,877	326,072	−2.82
	OVERSEAS[2]	38,858	39,141	−0.72	135,389	137,979	−1.88
	TOTAL[2]	**133,168**	**132,752**	**0.31**	**452,266**	**464,051**	**−2.54**
MARINE CORPS	CONUS	28,240	29,288	−3.58	105,606	107,602	−1.85
	OVERSEAS	4,734	5,086	−6.92	18,774	18,672	0.55
	TOTAL	**32,974**	**34,374**	**−4.07**	**124,380**	**126,274**	**−1.50**
COAST GUARD	CONUS[3]	7,067	6,872	2.84	25,449	24,788	2.67
	OVERSEAS[3]	526	540	−2.59	1,895	1,969	−3.76
	TOTAL[3]	**7,593**	**7,412**	**2.44**	**27,344**	**26,757**	**2.19**
MAIL ORDER	CONUS[4]	1,241	1,066	16.42	5,510	4,736	16.34
	OVERSEAS[4]	3,709	1,046	254.59	13,913	11,388	22.17
	TOTAL[4]	**4,950**	**2,112**	**134.38**	**19,423**	**16,124**	**20.46**
ALL EXCHANGES	CONUS	$378,262	$375,752	0.67	$1,363,339	$1,335,915	2.05
	OVERSEAS	$225,037	$205,796	9.35	$817,434	$758,401	7.78
	TOTAL	**$603,299**	**$581,548**	**3.74**	**$2,180,773**	**$2,094,316**	**4.13**
DEPARTMENT STORES	U.S.[1]	$10.670	$10.408	2.52	$37.442	$35.790	4.62

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard. NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.

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Coming to Grips With Joint Operations

TSA's Charles E. "Chuck" Fulmore, deputy to the commander (commissary service) and AFCOMS' Col. Frank Dooley, director of operations, AFCOMS.

PHOTO REPORT
The Newest Marine Corps Exchange

DIRECTORY Of Military Distributors

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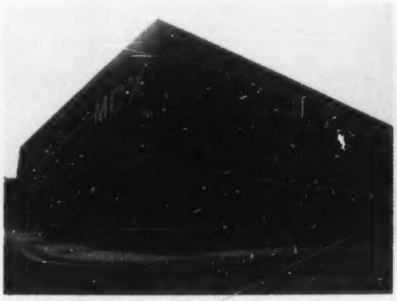

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COVER PHOTOGRAPHS BY TRACY WOODWARD AND KATE PATTERSON
COVER DESIGN BY LUISA WATSON

Military Market
serving the military resale system

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Military Market index

COMMISSARIES

		MAY			YEAR TO DATE		
		CY'86	**CY'85**	**% CHANGE**	**CY'86**	**CY'85**	**% CHANGE**
	CONUS	$164,769	$161,858	1.80	$780,868	$757,918	3.03
	OVERSEAS	34,658	28,432	21.90	149,041	147,389	1.12
AIR FORCE	TOTAL	**199,427**	**190,290**	**4.80**	**929,909**	**905,307**	**2.72**
	CONUS	117,495	112,560	4.38	542,955	530,040	2.44
	OVERSEAS	39,060	32,025	21.97	176,610	155,190	13.80
ARMY	TOTAL	**156,555**	**144,585**	**8.28**	**719,565**	**685,230**	**5.01**
	CONUS	59,660	59,752	–0.15	310,091	308,413	0.54
	OVERSEAS	7,098	6,800	4.38	35,456	34,343	3.24
NAVY	TOTAL	**66,758**	**66,552**	**0.31**	**345,547**	**342,756**	**0.81**
	CONUS	14,977	14,878	0.67	71,317	70,592	1.03
	OVERSEAS	296	295	0.34	1,346	1,229	9.52
MARINE CORPS	TOTAL	**15,273**	**15,173**	**0.66**	**72,663**	**71,821**	**1.17**
	CONUS	281	224	25.45	1,283	1,293	–0.77
	OVERSEAS	238	252	–5.56	1,492	1,435	3.97
COAST GUARD	TOTAL	**519**	**476**	**9.03**	**2,775**	**2,728**	**1.72**
	CONUS	$357,182	349,272	2.26	$1,706,514	$1,668,256	2.29
	OVERSEAS	$81,350	$67,804	19.98	$363,945	$339,586	7.17
COMMISSARIES	TOTAL	**$438,532**	**$417,076**	**5.14**	**$2,070,459**	**$2,007,842**	**3.12**
GROCERY STORES	U.S.	$24.209	$22.952	5.48	$112.490	$106.859	5.27

EXCHANGES

		MAY			YEAR TO DATE		
		CY'86	**CY'85**	**% CHANGE**	**CY'86**	**CY'85**	**% CHANGE**
	CONUS	$254,131	$262,142	–3.06	$1,164,028	$1,134,859	2.57
	OVERSEAS	180,952	162,829	11.13	828,415	751,221	10.28
AAFES	TOTAL	**435,083**	**424,971**	**2.38**	**1,992,443**	**1,886,080**	**5.64**
	CONUS	92,653	94,676	–2.14	409,530	420,748	–2.67
	OVERSEAS	43,837	40,414	8.47	179,226	178,393	0.47
NAVY	TOTAL	**136,490**	**135,090**	**1.04**	**588,756**	**599,141**	**–1.73**
	CONUS	28,332	31,133	–9.00	133,938	138,734	–3.46
	OVERSEAS	4,977	5,245	–5.11	23,752	23,918	–0.69
MARINE CORPS	TOTAL	**33,309**	**36,378**	**–8.44**	**157,690**	**162,652**	**–3.05**
	CONUS	7,398	7,176	3.09	32,847	31,964	2.76
	OVERSEAS	551	540	2.04	2,446	2,509	–2.51
COAST GUARD	TOTAL	**7,949**	**7,716**	**3.02**	**35,293**	**34,473**	**2.38**
	CONUS$	1,144	1,189	–3.78	6,655	5,924	12.34
	OVERSEAS$	2,755	3,452	–20.19	16,668	14,840	12.32
MAIL ORDER	TOTAL$	**3,899**	**4,641**	**–15.99**	**23,323**	**20,764**	**12.32**
	CONUS	$383,658	$396,316	–3.19	$1,746,998	$1,732,229	0.85
	OVERSEAS	$233,072	$212,480	9.69	$1,050,507	$970,881	8.20
ALL EXCHANGES	TOTAL	**$616,730**	**$608,796**	**1.30**	**$2,797,505**	**$2,703,110**	**3.49**
DEPARTMENT STORES	U.S.	$11.959	$11.171	7.05	$49.375	$46.961	5.14

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard. NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.

SPECIAL PULL-OUT: OUR 1987 PROMOTIONAL CALENDAR!

10/14/86 C8910-1

Military Market

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Jim Roos and John Anastos of The Drummers.

Bill Bennett of William Bennett Associates.

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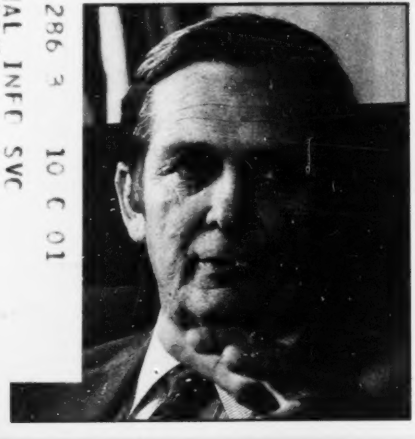

INTERVIEW — Has Exchange Credit Hurt Small Business?

Rep. Marvin Leath, the only member of the Morale, Welfare and Recreation Panel to vote against credit cards for exchanges, may be the next chairman of the House Armed Services Committee.

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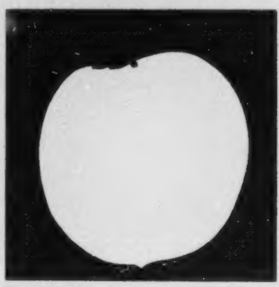

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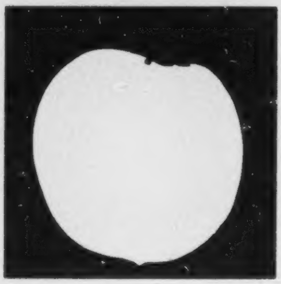

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market report

Beating the Bran Blahs

Adult desire for tastier high-fiber, bran cereals influences the market and helps create new entries containing fruit. PLUS: Detailed data on cereals sold in the commissaries.

By BEVERLY M. JONES
Associate Editor

THE TOP-SELLING CEREAL in U.S. commissaries during June was the 20-ounce size of Kellogg's Frosted Flakes, according to data compiled by the research department of the Army Times Publishing Company.

The data show that 261,941 boxes of this size of the cereal were sold, at a value of $509,053. Army commissaries accounted for the largest share of the dollar volume (49.5 percent), followed by Air Force (38.7 percent) and Navy (11.8 percent).

Marine Corps commissaries were not tracked, because none of them are currently using scanners at the front end.

The No. 2 seller in the cereals department was General Mills' Cheerios, in the 15-ounce size. This size sold 216,171 units, valued at the cash register at $374,620.

The one-two commissary ranking of Frosted Flakes and Cheerios is the same as in the civilian marketplace.

The data, based on a sample of seven Army, 27 Navy and 33 Air Force commissaries, are statistically projected to all 229 commissaries in the United States. Dollar sales and unit volumes were tracked at cash registers in the 67 stores surveyed.

Market Trends

Cereal manufacturers hope to beat the bran blahs with jazzed-up fruit and nut cereal combinations. High fiber cereals, they hope, will pull more adults into the cereal market.

According to industry analyst John Maxwell, cereal tonnage was up 4 percent in 1985 — to 2.17 billion pounds from 2.09 billion pounds in 1984. In dollars, the market increased 9.8 percent, going to $4.45 billion in 1985 from $4.05 billion in 1984.

The increases were due to the popularity of the adult cereal market. Adult bran varieties "grew six times faster than the market" as a whole. They now have roughly 10 percent of the market, said Maxwell, currently an analyst for Furman Selz Mager Dietz & Birney.

The adult segment of the ready-to-eat cereal field has grown tremendously over the last few years. "The high-fiber and bran cereal market continues to expand and has been doing extremely well over the last two years," said Caroline Fee, manager of public relations for Nabisco Brands USA.

People used to eat cereal for breakfast, because it tasted good and was quick to eat. Now consumers buy low-sugar high-fiber cereals for their health *and* because it tastes good.

Post introduced a Fruit & Fibre line in 1984 with three fruit and nut varieties: Harvest Medley, Tropical Fruit and Mountain Trail. The line provides the fiber content adults seek without sacrificing taste, said Trecie Fennell, a spokeswoman for General Foods, which manufactures Post cereals.

Kellogg's says that, with 15 different cereals, it holds the No. 1 position in the bran/fiber market. It introduced All-Bran Fruit & Almond cereal in July of this year as an addition to its regular All-Bran line of cereals.

Generals Mills introduced Fiber One and Raisin Nut Bran last year. Nabisco Brands USA is currently test-marketing a new cereal in the West called Fruit Wheats. "They resemble our spoon-size Shredded Wheat but with fruit inside," a Nabisco Brands USA spokeswoman said.

In another effort to appeal to the adult market, General Foods took the sugar out of Post Raisin Bran and renamed it Natural Raisin Bran. Post's competition, Kellogg's, left the sugar in its Raisin Bran.

In 1985, in terms of total market shares, Kellogg's Frosted Flakes snagged the No. 1 slot away from General Mills' Cheerios, Maxwell said. Kellogg's Corn Flakes took the third place slot and Kellogg's Raisin Bran took fourth place.

Kid's Stuff

New cereals featuring licensed characters are still risky, since children's tastes change with every television show.

However, pre-sweetened cereals are still big in commissaries; families shopping with children usually end up with a pre-sweetened cereal in their over-flowing carts.

"We sell a higher share of children's cereals in the military because of the larger families," said Bill Kastor, military marketing manager of General Mills.

Other than that, Kastor said, there wasn't much difference between the civilian and military markets — except the lack of shelf space in commissaries.

It is difficult to pick a licensed character for cereals that will still be popular with children by the time it gets on the shelves. Most licensed cereals have a very short shelf life, about six months to a year.

Quaker Oats' pre-sweetened Mr. T cereal lasted six months in 1984. Donkey Kong cereal, based on a popular video game, turned out to be a disappointment for Ralston Purina the same year.

General Foods licensed the Smurfs cartoon characters for its Smurfberry Crunch, a presweetened corn, oat and wheat based cereal. Smurfberry Crunch is the only licensed cereal the company has. "We're very conservative about licensing cereals," said spokeswoman Fennell.

Many cereal manufacturers continue to capitalize on their own characters as marketing tools.

Tony the Tiger, Cap'n Crunch and the Lucky Charm leprechaun have sold cereals to children for years. **MM**

CEREALS — June 1986 Sales for All U.S. Commissaries

COMPANY	PRODUCT	UPC NUMBER	AMOUNT OF UNITS	U.S. DOLLARS	% OF AIR FORCE	% OF ARMY	% OF NAVY
KELLOGG'S	KELLOGG'S FROSTED FLAKES 20 OZ.	38000 015200	261,941	509,053	38.7	49.5	11.8
GENERAL MILLS GROC PROD DIV	CHEERIOS 15.0 OZ.	16000 666100	216,171	374,620	38.4	48.8	12.9
KELLOGG'S	KELLOGG'S FROOT LOOPS 15 OZ.	38000 017200	170,093	353,334	37.0	49.6	13.4
GENERAL MILLS GROC PROD DIV	HONEY NUT CHEERIOS 14.0 OZ.	16000 665900	186,711	329,026	40.9	41.9	17.3
KELLOGG'S	KELLOGG'S RAISIN BRAN 20 OZ.	38000 008200	169,720	319,917	42.7	43.8	13.5
KELLOGG'S	KELLOGG'S RICE KRISPIES 13 OZ.	38000 005200	168,758	268,391	35.6	50.6	13.9
GENERAL MILLS GROC PROD DIV	LUCKY CHARMS 14.0 OZ.	16000 688700	134,389	246,999	44.9	39.2	15.9
KELLOGG'S	KELLOGG'S FROSTED MINI-WHEATS 16 OZ.	38000 027200	126,254	205,760	40.3	44.9	14.8
GENERAL FOODS CORPORATION	GRAPE NUTS 24 OZ.	43000 105210	118,484	205,272	46.5	36.3	17.3
NABISCO BRANDS, GROCERY DIV	SPOON SIZE SHREDDED WHEAT, 18 OZ.	13130 000540	114,859	201,712	47.4	35.4	17.2
QUAKER OATS COMPANY	CAP'N CRUNCH, 16 OZ. JUMBO	30000 065200	119,995	201,080	34.7	51.0	14.2
GENERAL MILLS GROC PROD DIV	TOTAL 12.0 OZ.	16000 658500	113,384	191,093	38.7	43.7	17.6
GENERAL MILLS GROC PROD DIV	TRIX 12 OZ.	16000 674400	103,974	183,543	42.4	42.6	14.9
GENERAL FOODS CORPORATION	RAISIN BRAN 20 OZ.	43000 114600	102,309	180,322	36.9	45.9	17.2
KELLOGG'S	KELLOGG'S CORN FLAKES 18 OZ.	38000 001200	130,984	176,175	36.6	43.9	19.5
KELLOGG'S	KELLOGG'S CORN FLAKES 24 OZ.	38000 001270	89,594	156,216	39.5	49.0	11.5
KELLOGG'S	KELLOGG'S CORN POPS 15 OZ.	38000 010110	79,325	155,267	35.4	48.0	16.6
KELLOGG'S	KELLOGG'S RAISIN BRAN 25.5 OZ.	38000 008280	64,401	147,312	41.0	32.1	26.9
KELLOGG'S	KELLOGG'S CRISPIX 14 OZ.	38000 035000	82,555	137,452	44.4	36.7	18.9
GENERAL MILLS GROC PROD DIV	COCOA PUFFS 12.0 OZ.	16000 681700	77,571	135,478	38.6	43.7	17.7
KELLOGG'S	KELLOGG'S COCOA KRISPIES 11 OZ.	38000 011110	63,315	127,763	41.9	41.6	16.5
GENERAL MILLS GROC PROD DIV	WHEATIES, 18.0 OZ.	16000 662100	70,105	120,495	41.3	43.3	15.4
QUAKER OATS COMPANY	CAP'N CRUNCH'S CRUNCH BERRIES 15 OZ.	30000 065600	67,290	120,136	39.7	49.8	10.5
KELLOGG'S	KELLOGG'S HONEY SMACKS 18 OZ.	38000 012110	60,862	118,844	35.9	46.8	17.3
GENERAL MILLS GROC PROD DIV	CHEERIOS 20.0 OZ.	16000 666600	51,765	116,910	58.1	11.6	30.3
KELLOGG'S	KELLOGG'S RICE KRISPIES 19 OZ.	38000 005350	53,483	116,538	56.5	21.4	22.2
GENERAL FOODS CORPORATION	SUPER SUGAR CRISP 18 OZ.	43000 117600	66,387	116,360	42.7	43.7	13.7
NABISCO BRANDS, GROCERY DIV	NABISCO SHREDDED WHEAT, 15 OZ.	13130 000050	74,441	112,312	50.4	36.6	12.9
KELLOGG'S	KELLOGG'S BRAN FLAKES 16 OZ.	38000 006110	78,161	112,013	41.7	38.9	19.4
GENERAL FOODS CORPORATION	PEBBLES, FRUITY 11 OZ.	43000 129700	69,491	107,106	38.8	48.3	12.9
KELLOGG'S	KELLOGG'S APPLE JACKS 15 OZ.	38000 029200	50,104	106,314	62.8	19.2	18.0
RALSTON PURINA COMPANY	RALSTON RICE CHEX 12 OZ.	17800 182700	78,832	100,920	40.2	42.4	17.4
KELLOGG'S	KELLOGG'S FROST POP-TARTS STRAW. 11 OZ.	38000 317000	104,552	98,452	38.2	45.2	16.6
QUAKER OATS COMPANY	LIFE CEREAL 20 OZ., JUMBO	30000 061100	51,712	95,591	47.5	34.7	17.8
KELLOGG'S	KELLOGG'S SPECIAL K 18 OZ.	38000 016210	40,757	91,420	55.2	26.9	17.9
GENERAL MILLS GROC PROD DIV	CINNAMON TOAST CRUNCH 14.0 OZ.	16000 657000	55,308	89,191	48.6	36.0	15.4
KELLOGG'S	KELLOGG'S APPLE JACKS 11 OZ.	38000 029100	51,597	84,232	9.6	75.8	14.6
RALSTON PURINA COMPANY	RALSTON WHEAT CHEX 15 OZ.	17800 152600	69,310	82,846	38.7	43.5	17.8
GENERAL FOODS CORPORATION	FRUIT & FIBRE W/DATES,RAIS.,WALNUTS 14 OZ.	43000 104500	53,685	82,841	42.9	37.6	19.5
KELLOGG'S	KELLOGG'S JUST RIGHT RAIS/DATE/NUT 12.7 OZ	38000 041000	51,052	82,520	49.0	39.7	11.3
KELLOGG'S	KELLOGG'S RAISIN SQUARES 16.5 OZ.	38000 037000	45,826	79,130	55.2	24.9	19.9
NABISCO BRANDS, INC.	NABISCO SHREDDED WHEAT 'N BRAN 12 OZ.	13130 000580	60,459	78,334	57.4	25.5	17.1
GENERAL MILLS GROC PROD DIV	PAC-MAN 13.0 OZ.	16000 668800	42,697	77,763	30.1	54.1	15.9
KELLOGG'S	KELLOGG'S APPLE RAISIN CRISP 13 OZ.	38000 039000	45,901	77,046	43.9	38.3	17.8
GENERAL FOODS CORPORATION	ALPHA BITS 15 OZ.	43000 118170	46,568	76,091	39.4	46.9	13.7
QUAKER OATS COMPANY	QUAKER OATS QUICK, 18 OZ.	30000 011800	74,703	75,454	37.9	48.4	13.7
GENERAL MILLS GROC PROD DIV	GOLDEN GRAHAM 18.0 OZ.	16000 679700	39,643	74,695	45.1	52.4	2.5
GENERAL FOODS CORPORATION	HONEYCOMB 14 OZ.	43000 111700	41,789	74,355	47.9	44.0	8.1
KELLOGG'S	KELLOGG'S VARIETY 12 TRAYS 10 IND.	38000 053310	46,513	72,858	30.0	50.2	19.8
QUAKER OATS COMPANY	INSTANT OATMEAL APPLES & CINN. 12.5 OZ.	30000 013800	45,026	72,802	45.0	38.3	16.7
KELLOGG'S	KELLOGG'S FROST. POP-TARTS CHOC.FDG.11OZ	38000 313000	77,686	72,613	39.5	43.8	16.7
GENERAL FOODS CORPORATION	FRUIT & FIBRE W/TROPICAL FRUIT 14 OZ.	43000 104540	45,743	71,945	42.0	40.7	17.3
QUAKER OATS COMPANY	QUAKER OATS QUICK, 42 OZ.	30000 012000	39,807	70,915	39.5	42.3	18.2
RALSTON PURINA COMPANY	RALSTON CORNCHEX 12 OZ.	17800 192660	61,137	69,204	25.3	52.0	22.7
QUAKER OATS COMPANY	INSTANT OATMEAL MAPLE & BRN. SUG. 15 OZ.	30000 011900	42,406	68,537	47.3	36.8	15.9
KELLOGG'S	KELLOGG'S FROST POP-TARTS CINN. 10.5 OZ	38000 311000	73,344	65,116	41.4	43.0	15.6
KELLOGG'S	KELLOGG'S NUTRI-GRAIN WHEAT&RAIS. 15 OZ.	38000 105000	35,827	64,625	41.5	35.5	23.0
KELLOGG'S	KELLOGG'S FROST. POP-TARTS CHERRY 11 OZ.	38000 318000	70,185	64,606	42.2	43.9	13.9
KELLOGG'S	KELLOGG'S HONEY & NUT CORN FLAKES 16 OZ.	38000 004010	35,000	63,915	47.4	38.5	14.1
KELLOGG'S	KELLG'S.NUTRI-GRAIN ALMOND RAIS. 14.3 OZ	38000 106000	33,379	62,266	58.0	34.1	7.8
GENERAL FOODS CORPORATION	FRUIT & FIBRE HARVEST MEDLEY 13 OZ.	43000 104590	40,353	61,863	42.2	40.8	17.1
KELLOGG'S	KELLOGG'S SPECIAL K 12 OZ.	38000 016110	37,191	61,512	29.5	55.2	15.2
THE QUAKER OATS COMPANY	GRANOLA DIPPS CHOCOLATE CHIP 6 OZ.	30000 062900	44,430	61,314	52.1	29.1	18.9
KELLOGG'S	KELLOGG'S FRUITFUL BRAN 14.3 OZ.	38000 036010	36,919	61,213	46.4	37.3	16.3
QUAKER OATS COMPANY	CAP'N CRUNCH'S P. BUTTER CEREAL 15 OZ.	30000 065000	35,695	61,056	28.8	53.8	17.4
KELLOGG'S	KELLOGG'S ALL BRAN 13.8 OZ.	38000 014000	47,071	58,298	42.5	31.5	26.0
KELLOGG'S	KELLOGG'S POP-TARTS STRAWBERRY 11 OZ.	38000 304000	62,753	58,143	35.4	53.5	11.2
QUAKER	100% NATURAL CEREAL W/RAISINS&DATES 16OZ	30000 066800	34,428	56,253	32.1	46.3	21.5
KELLOGG'S	KELLOGG'S FROST.POP-TARTS BLUEBER.11 OZ.	38000 310000	60,802	55,996	41.5	43.5	15.1
KELLOGG'S	KELLOGG'S PRODUCT 19 12 OZ.	38000 019120	34,210	55,866	52.0	27.8	20.3
GENERAL FOODS CORPORATION	FRUIT & FIBRE MOUNTAIN TRAIL 14 OZ.	43000 104580	34,738	53,384	38.5	47.8	13.6
GENERAL MILLS GROC PROD DIV	GOLDEN GRAHAM 12.0 OZ.	16000 680500	35,373	52,362	36.0	33.5	30.5
KELLOGG'S	KELLOGG'S CRACKLIN' OAT BRAN 14 OZ.	38000 045100	26,672	51,853	65.1	11.9	23.0
QUAKER OATS COMPANY	INSTANT OATMEAL FLAVOR VARIETY 13.25 OZ.	30000 014600	32,825	51,163	36.5	43.6	19.9
GENERAL FOODS CORPORATION	HORIZON TRAIL MIX 10 OZ.	43000 125000	35,163	50,778	48.1	39.3	12.6
QUAKER OATS COMPANY	QUAKER OATS REGULAR, 18 OZ.	30000 010200	49,648	50,313	39.0	44.1	16.9
QUAKER OATS COMPANY	CHEWY GRANOLA BARS CHOCOLATE CHIP 8 OZ.	30000 068400	34,798	49,379	53.9	24.2	21.8
RALSTON PURINA COMPANY	COOKIE CRISP CHOC. CHIP 16 OZ.	17800 155290	26,713	49,211	34.9	52.2	12.9
RALSTON PURINA COMPANY	ALMOND DELIGHT 15 OZ.	17800 132170	33,899	47,837	53.3	37.1	9.6
KELLOGG'S	KELLG'S. FRST. POP-TARTS DUTCH APPLE 11 OZ.	38000 312000	52,057	47,769	47.8	34.2	18.0

CEREALS — June 1986 Sales for All U.S. Commissaries

COMPANY	PRODUCT	UPC NUMBER	AMOUNT OF UNITS	U.S. DOLLARS	% OF AIR FORCE	% OF ARMY	% OF NAVY
GENERAL FOODS CORPORATION	40% BRAN FLAKES 16 OZ.	43000 113130	34,976	46,849	40.4	52.1	7.5
GENERAL FOODS CORPORATION	RAISIN GRAPE NUTS 24 OZ.	43000 106000	23,602	46,745	51.6	37.4	11.0
KELLOGG'S	KELLOGG'S FROSTED FLAKES 25 OZ.	38000 015270	20,552	46,194	23.3	54.5	22.3
KELLOGG'S	KELLOGG'S ALL BRAN 10 OZ.	38000 040000	37,696	46,109	58.1	32.8	9.1
GENERAL MILLS	S'MORES CRUNCH 14 OZ.	16000 654000	24,930	45,202	55.9	19.4	24.8
GENERAL FOODS CORPORATION	RAISIN BRAN 25 OZ.	43000 114700	21,777	44,630	79.4	13.5	7.1
NABISCO BRANDS, GROCERY DIV	CREAM OF WHEAT, QUICK, 28 OZ.	13130 006120	28,680	43,949	45.2	38.8	16.0
GENERAL MILLS GROC PROD DIV	CRISPY WHEATS AND RAISINS 12 OZ.	16000 684000	35,806	43,703	17.2	53.1	29.7
GENERAL FOODS CORPORATION	POST TOASTIES 18 OZ.	43000 107130	44,070	43,423	46.0	47.8	6.1
GENERAL MILLS GROC PROD DIV	FRUIT ROLL-UPS STRAWBERRY 4.0 OZ.	16000 480700	31,406	42,703	79.7	9.5	10.8
NABISCO BRANDS, GROCERY DIV	NABISCO 100% BRAN, 17 OZ.	13130 000320	29,880	42,604	50.6	31.9	17.4
QUAKER	100% NATURAL CEREAL 16 OZ.	30000 066400	27,553	42,460	40.2	48.1	11.7
QUAKER OATS COMPANY	INSTANT OATMEAL STRAWBR & CRM. 12.5 OZ	30000 014200	27,013	41,991	41.2	44.6	14.2
KELLOGG'S	KELLOGG'S NUTRI-GRAIN WHEAT 12 OZ.	38000 104000	31,132	41,935	48.6	27.5	23.9
QUAKER	NATURAL INSTANT OATMEAL 12 OZ.	30000 013300	25,774	41,438	39.7	49.2	11.1
QUAKER OATS COMPANY	CORN BRAN 16 OZ.	30000 068600	24,078	41,242	42.3	43.7	14.1
GENERAL MILLS GROC PROD DIV	FRUIT BAR STRAWBERRY 4.8 OZ.	16000 492300	29,205	40,750	68.0	24.6	7.4
RALSTON PURINA COMPANY	SUN FLAKES CORN & RICE 15 OZ.	17800 121110	29,194	40,700	47.3	37.1	15.5
GENERAL MILLS GROC PROD DIV	KIX 9.0 OZ.	16000 663100	32,088	39,665	41.8	46.2	12.0
GENERAL FOODS CORPORATION	PEBBLES, COCOA 11 OZ.	43000 129500	25,692	39,503	57.7	35.7	6.6
QUAKER OATS COMPANY	INSTANT OATMEAL PEACHES 'N CREAM 12.5 OZ.	30000 013900	24,650	38,223	52.2	36.3	11.5
RALSTON PURINA COMPANY	FRUIT RINGS 15 OZ.	17800 169840	27,312	37,978	42.2	57.8	0.0
GENERAL MILLS GROC PROD DIV	GRANOLA BAR HONEY & OATS 10.0 OZ.	16000 486000	27,448	36,821	34.1	42.7	23.1
RALSTON PURINA COMPANY	RAISIN BRAN 20 OZ.	17800 194150	28,456	35,063	59.8	20.8	19.4
GENERAL MILLS GROC PROD DIV	CRISPY WHEATS AND RAISINS 18 OZ.	16000 684500	21,227	34,834	85.2	14.8	0.0
KELLOGG'S	KELLOGG'S ALL-GRAIN 10.5 OZ.	38000 042000	25,186	34,815	60.0	30.4	9.6
RALSTON PURINA COMPANY	CORN CHEX 17.5 OZ.	17800 193210	22,438	34,797	74.5	24.2	1.3
KELLOGG'S	KELLG'S. RICE KRISPIE BAR P. BTR. 8 OZ.	38000 351000	26,316	34,138	61.6	21.8	16.6
GENERAL MILLS GROC PROD DIV	FRUIT ROLL-UPS GRAPE 4.0 OZ.	16000 480500	24,659	33,385	73.0	16.1	10.8
GENERAL FOODS CORPORATION	GRAPE NUT FLAKES 18 OZ.	43000 109100	19,806	33,105	60.4	37.9	1.7
THE QUAKER OATS COMPANY	GRANOLA DIPPS PEANUT BUTTER 6 OZ.	30000 062800	23,821	32,860	58.0	20.5	21.5
GENERAL MILLS, INC.	FIBER ONE 13.5 OZ.	16000 656000	28,607	32,448	49.6	21.9	28.6
QUAKER OATS COMPANY	CINNAMON LIFE CEREAL 20 OZ.	30000 060800	16,665	32,110	44.8	35.8	19.5
RALSTON PURINA COMPANY	RALSTON BRAN CHEX 14 OZ.	17800 191010	28,739	32,100	58.5	24.2	17.4
KELLOGG'S	KELLOGG'S MARSHMALLOW KRISPIES 11.4 OZ.	38000 033000	20,249	31,726	39.8	34.0	26.1
GENERAL MILLS, INC.	CEREAL ROCKY ROAD 12.5 OZ.	16000 690600	19,766	31,689	64.1	13.6	22.3
RALSTON PURINA COMPANY	RAINBOW BRITE CEREAL 11 OZ.	17800 128810	20,380	31,555	34.2	53.7	12.1
CARNATION COMPANY	INSTANT BREAKFAST CHOCOLATE 10 ENVELOPE	50000 530320	12,545	31,552	68.2	22.4	9.4
GENERAL MILLS GROC PROD DIV	FRUIT BAR GRAPE 4.8 OZ.	16000 492100	22,430	31,192	69.9	22.4	7.7
CARNATION COMPANY	BREAKFAST BAR CHOCOLATE CHIP 6 ENVELOPE	50000 510420	21,482	31,056	47.9	35.0	17.0
QUAKER OATS COMPANY	CHEWY GRANOLA BARS PEANUT BUTTER 8 OZ.	30000 068300	20,300	29,949	54.1	25.5	20.4
RALSTON PURINA COMPANY	G.I. JOE ACTION STARS 11 OZ.	17800 150080	29,286	29,634	42.6	50.0	7.4
KELLOGG'S	KELLOGG'S PRODUCT 19 15.4 OZ.	38000 019220	14,908	28,642	35.1	44.9	20.1
QUAKER	INSTANT GRITS POUCH 9.6 OZ.	30000 041400	28,618	28,484	40.9	38.4	20.7
GENERAL MILLS GROC PROD DIV	FRUIT ROLL-UPS CHERRY 4.0 OZ.	16000 480800	20,734	28,439	72.9	17.3	9.8
RALSTON PURINA COMPANY	SUGAR FROSTED FLAKES 20 OZ.	17800 300700	21,143	27,572	52.4	47.6	0.0
GENERAL MILLS GROC PROD DIV	FRUIT BAR CHERRY 4.8 OZ.	16000 492000	18,268	25,726	90.8	0.0	9.2
KELLOGG'S	KELLOGG'S ALL BRAN 18.3 OZ.	38000 014110	16,055	24,792	53.6	41.1	5.3
RALSTON PURINA COMPANY	RALSTON CRISP CRUNCH 16 OZ.	17800 293240	17,812	24,162	40.4	59.6	0.0
CARNATION COMPANY	INSTANT BREAKFAST CHOCOLATE 6 ENVELOPE	50000 550320	15,230	23,195	44.3	20.4	35.3
KELLOGG'S	KELLOGG'S JUMBO 18 INDV.	38000 050300	8,581	23,148	56.1	25.1	18.8
NABISCO BRANDS, GROCERY DIV	SHRED.WHT.TOASTED WHEAT & RAISINS,14 OZ	13130 000600	16,077	23,145	50.4	40.6	9.0
QUAKER OATS COMPANY	PUFFED WHEAT 6 OZ.	30000 064100	22,209	22,657	49.7	37.3	13.0
NABISCO BRANDS, BISCUIT	TOASTETTES-APPLE 9-3/4 OZ.	44000 005540	27,870	22,007	32.6	51.5	15.9
KELLOGG'S	KELLOG'S FRST. POP-TARTS RASPBERRY 11 OZ	38000 316000	24,026	21,881	56.0	12.5	31.5
CARNATION COMPANY	BREAKFAST BAR P. BUTTER CRUNCH 6 ENVELOP	50000 510520	14,747	21,297	42.1	36.9	21.0
GENERAL MILLS GROC PROD DIV	BUC-WHEATS 17.0 OZ.	16000 676200	10,457	21,270	56.0	29.0	15.1
THE QUAKER OATS COMPANY	GRANOLA DIPPS RAISIN & ALMOND 6 OZ.	30000 062600	15,598	21,213	53.0	34.6	12.4
CARNATION COMPANY	BREAKFAST BAR CHOC. CRUNCH 6 ENVELOPE	50000 510220	15,119	20,990	40.5	42.6	16.9
KELLOGG'S	KELLOGG'S.RICE KRISPIE BAR CHOC. CHP. 8 OZ	38000 350000	15,524	20,775	0.0	55.0	45.0
QUAKER OATS COMPANY	QUAKER OATS REGULAR, 42 OZ.	30000 010400	11,778	20,697	61.5	19.9	18.6
KELLOGG'S	KELLOGG'S O.J.'S 12.5 OZ.	38000 030000	12,555	20,667	36.1	44.9	19.0
QUAKER OATS COMPANY	HOMINY GRITS QUICK 1.5 LBS.	30000 041700	29,236	20,646	45.3	37.1	17.6
GENERAL MILLS, INC.	RAISIN NUT BRAN 20.0 OZ.	16000 659900	9,893	20,144	38.9	23.0	38.0
NABISCO BRANDS, BISCUIT	TOASTETTES-CHERRY 9-3/4 OZ.	44000 005530	25,536	20,075	41.7	39.2	19.1
THE QUAKER OATS COMPANY	GRANOLA DIPPS-VARIETY PACK	30000 075300	14,460	20,074	42.1	9.8	48.2
KELLOGG'S	KELLOGG'S FROSTED KRISPIES 14 OZ.	38000 003110	11,578	20,053	50.8	35.7	13.5
INTERNATIONAL MULTIFOODS CORP.	WHEAT GERM CEREAL 12 OZ.	24800 001190	19,672	19,990	34.4	43.8	21.9
NABISCO BRANDS, GROCERY DIV	MIX 'N EAT, APPLE 'N CINNAMON, 10 OZ.	13130 006310	15,957	19,914	42.2	47.5	10.3
THE QUAKER OATS COMPANY	GRANOLA DIPPS CARMEL NUT, 6 OZ.	30000 078900	13,911	19,432	64.1	8.3	27.6
CARNATION COMPANY	BREAK. BAR P. BTR. W/CHOC. CHIP 6 ENV.	50000 510320	13,908	19,404	51.9	33.7	14.4
THE QUAKER OATS COMPANY	GRANOLA DIPPS MINT CHOC. CHIP, 6 OZ.	30000 079100	13,628	19,091	34.2	42.1	23.7
CARNATION COMPANY	INSTANT BRKFST. NO SUGAR CHOC. 8 ENV.	50000 540420	7,919	18,953	51.0	38.6	10.3
KELLOGG'S	KELLG'S. RICE KRISPIE BAR RAISIN 8 OZ.	38000 352000	14,387	18,894	67.2	22.2	10.5
KELLOGG'S	KELLOGG'S FROSTED FLAKES 15 OZ.	38000 015100	10,737	18,671	5.1	0.0	94.9
RALSTON PURINA COMPANY	S'MORES CHOCOLATE CHIP 8 OZ.	38100 140090	15,283	18,661	56.3	27.1	16.6
RALSTON PURINA COMPANY	SUN FLAKES WHEAT & RICE 15 OZ.	17800 122050	12,859	18,572	63.6	36.2	0.3
RALSTON PURINA COMPANY	GHOSTBUSTERS 11 OZ.	17800 160100	12,877	18,495	49.7	50.3	0.0
QUAKER OATS COMPANY	100% NATURAL CEREAL 32 OZ. W/RAIS.&DATES	30000 067200	6,283	18,398	62.1	0.0	37.9
QUAKER OATS COMPANY	100% NATURAL CEREAL 32 OZ.	30000 067000	6,311	18,308	48.9	10.2	40.8

CEREALS — June 1986 Sales for All U.S. Commissaries

COMPANY	PRODUCT	UPC NUMBER	AMOUNT OF UNITS	U.S. DOLLARS	% OF AIR FORCE	% OF ARMY	% OF NAVY
QUAKER OATS COMPANY	INSTANT OATMEAL RAISIN,DATES,WLNTS 13 OZ	30000 012400	11,319	18,128	37.0	55.2	7.8
QUAKER OATS COMPANY	CHEWY GRAN. BARS P. BTR.&CHOC.CHIP.8 OZ.	30000 067900	12,518	17,984	63.1	25.5	11.4
QUAKER OATS COMPANY	CHEWY GRAN. BARS CHUNKY NUT&RAISIN 8 OZ.	30000 068500	12,214	17,602	72.6	0.0	27.4
GENERAL MILLS, INC.	WHEATIES 12 OZ.	16000 661100	14,164	17,485	76.7	0.0	23.3
GENERAL MILLS, INC.	DANDY BARS MILK CHOC. 6.5 OZ.	16000 492400	14,422	17,384	63.2	22.6	14.2
KELLOGG'S	FROSTED MINI-WHEATS SUGAR FROST. 20.4 OZ	38000 027270	8,605	17,199	90.0	0.0	10.0
NABISCO BRANDS, GROCERY DIV	CREAM OF WHEAT, INSTANT 28 OZ.	13130 006220	11,355	17,034	49.9	39.6	10.4
GENERAL FOODS CORPORATION	SMURF-BERRY CRUNCH 11 OZ.	43000 109200	10,457	16,689	38.2	53.9	7.9
RALSTON PURINA COMPANY	CORN FLAKES 18 OZ.	17800 300410	20,893	16,681	55.8	34.0	10.2
GENERAL MILLS, INC.	FRUIT BAR TROPICAL FRUIT 4.8 OZ.	16000 491800	11,560	16,509	77.7	5.6	16.8
NABISCO BRANDS, BISCUIT	TOASTETTES-BLUEBERRY 9-3/4 OZ.	44000 005550	21,089	16,507	49.0	27.1	24.0
QUAKER OATS COMPANY	PUFFED RICE 7 OZ.	30000 061900	16,701	16,495	58.9	31.9	9.2
CARNATION COMPANY	INSTANT BREAKFAST VARIETY PK. 10 ENVELOP	50000 530520	6,461	16,145	53.1	31.9	15.0
GENERAL MILLS GROC PROD DIV	FRUIT ROLL-UPS ORANGE 4.0 OZ.	16000 480400	11,993	16,071	80.8	1.2	18.0
KELLOGG'S	KELLG'S.FRST. POP-TARTS CHOC.CREME 11 OZ	38000 315000	17,131	15,578	65.9	23.5	10.6
THE QUAKER OATS COMPANY	PNUT.BTER WHIPPS GRAN. BARS C.CHP. 6 OZ.	30000 079200	17,163	15,550	70.2	15.3	14.6
NABISCO BRANDS, GROCERY DIV	TEAM FLAKES, 13 OZ.	13130 001480	11,034	15,414	58.4	25.6	16.1
THE QUAKER OATS COMPANY	GRANOLA DIPPS HONEY & OATS 6 OZ.	30000 067100	11,194	15,253	50.4	35.1	14.5
NABISCO BRANDS, GROCERY DIV	MIX 'N EAT, OUR ORIGINAL, 10 OZ.	13130 006250	12,144	15,232	46.9	35.0	18.1
GENERAL MILLS GROC PROD DIV	GRANOLA BAR CINNAMON 10.0 OZ.	16000 486100	11,463	15,034	26.3	68.1	5.5
RALSTON PURINA COMPANY	RICE CHEX 17.5 OZ.	17800 182540	9,009	14,905	51.9	43.4	4.8
GENERAL FOODS CORPORATION	HONEYCOMB 10 OZ.	43000 111400	10,117	14,771	21.3	14.4	64.2
KELLOGG'S	KELLOGG'S POP-TARTS BLUEBERRY 11 OZ.	38000 300000	16,043	14,717	74.2	8.9	16.9
QUAKER OATS COMPANY	CHEWY GRANOLA BARS HONEY & OATS 8 OZ.	30000 068800	9,633	14,341	46.0	36.4	17.6
GENERAL MILLS, INC.	DANDY BARS CHOC. ALMOND 6.5 OZ.	16000 492700	11,744	14,157	60.1	21.1	18.9
GENERAL MILLS GROC PROD DIV	TOTAL 18.0 OZ.	16000 658900	5,688	13,937	100.0	0.0	0.0
THE QUAKER OATS COMPANY	HOMINY GRITS QUICK 1.5 LBS.	30000 041800	19,372	13,648	48.2	48.1	3.7
GENERAL MILLS, INC.	NATURE VALLEY GRANOLA FRUIT & NUT 16 OZ	16000 669400	7,881	13,538	50.7	49.3	0.0
KELLOGG'S	KELLOGG'S SNACK-PAK 12 CADDIES 6 IND.	38000 052300	11,083	12,907	42.6	15.0	42.4
RALSTON PURINA COMPANY	TASTEEOS 15 OZ.	17800 198000	13,159	12,715	33.6	66.4	0.0
GENERAL MILLS, INC.	PEANUT BUTTER BOPPERS HONEY CRSP. 6OZ	16000 498800	9,740	12,606	74.1	9.5	16.4
THE QUAKER OATS COMPANY	PNUT.BTR.WHIPPS GRAN.BARS CKY.PNT. 6 OZ.	30000 079300	13,391	12,308	68.8	13.6	17.6
RALSTON PURINA COMPANY	S'MORES PEANUT BUTTER & CHOC. CHIP 8 OZ.	38100 140410	9,901	12,258	70.9	19.6	9.5
QUAKER OATS COMPANY	INSTANT OATMEAL RAISINS & SPICE 15 OZ.	30000 013200	7,529	12,092	61.8	23.3	14.9
RALSTON PURINA COMPANY	RALSTON HONEY & NUT TASTEEO 14 OZ.	17800 198260	9,780	12,001	50.8	49.2	0.0
KELLOGG'S	KELLOGG'S FROST. POP-TARTS GRAPE 11 OZ.	38000 314000	12,771	11,813	55.9	16.2	27.9
GENERAL MILLS, INC.	CEREAL BRAN MUFFIN CRISP 14 OZ.	16000 651000	9,122	11,807	58.1	14.2	27.8
RALSTON PURINA COMPANY	RALSTON CRISPY RICE 13 OZ.	17800 292560	11,724	11,744	35.8	64.2	0.0
CARNATION COMPANY	INSTANT BREAKFAST CHOC. MALT 10 ENVELOPE	50000 530420	4,579	11,355	51.5	33.9	14.6
GENERAL MILLS, INC.	DANDY BARS DARK CHOC. 6.5 OZ.	16000 492500	9,323	11,296	54.2	27.6	18.2
GENERAL MILLS GROC PROD DIV	COUNT CHOCULA 12.0 OZ.	16000 686400	6,326	11,217	77.8	22.2	0.0
QUAKER OATS COMPANY	HOMINY GRITS INSTANT 18 OZ.	30000 040500	9,139	11,182	38.0	62.0	0.0
THE QUAKER OATS COMPANY	QUICK COOK. OATS APPLES/RAIS/WLNTS.13OZ.	30000 011200	6,672	10,749	58.6	26.7	14.7
THE QUAKER OATS COMPANY	QUICK COOKING OATS APPLE/RAIS/SPICE 16OZ	30000 010500	7,112	10,694	65.2	27.4	7.4
MALT O MEAL COMPANY	HOT CEREAL UNCOOKED QUICK 28 OZ.	42400 001050	9,526	10,614	70.4	19.2	10.4
QUAKER OATS COMPANY	CHEWY GRAN. BARS CHO.,GRAHAM&MARSH. 8 OZ	30000 076400	7,289	10,424	83.8	14.1	2.1
PET INC., GROCERY GROUP	HEARTLAND NATURAL CEREAL RAISIN 16 OZ.	46000 090020	7,662	10,393	47.8	52.2	0.0
NABISCO BRANDS, GROCERY DIV	NABISCO SHREDDED WHEAT, 10 OZ.	13130 000020	9,255	9,902	45.2	0.0	54.8
QUAKER OATS COMPANY	CINNAMON LIFE CEREAL 15 OZ.	30000 063200	5,973	9,844	47.3	33.8	18.9
GENERAL MILLS, INC.	CEREAL CIRCUS FUN 12 OZ.	16000 685100	5,910	9,758	22.9	62.1	15.0
CARNATION COMPANY	INSTANT BREAKFAST VANILLA 6 ENVELOPE	50000 553020	6,405	9,740	37.3	62.7	0.0
QUAKER OATS COMPANY	INSTANT OATMEAL CINN. & SPICE 16.25 OZ.	30000 013500	6,078	9,540	74.6	22.9	2.5
RALSTON PURINA COMPANY	40% BRAN FLAKES 20 OZ.	17800 260000	9,156	9,415	100.0	0.0	0.0
NABISCO BRANDS, BISCUIT	TOASTETTES-STRAWBERRY 9.75 OZ.	44000 005520	12,049	9,401	0.0	57.7	42.3
THE QUAKER OATS COMPANY	PNT.BTR.WHIPPS GRAN.BR.MARSH.C.CHIP 6 OZ	30000 079400	10,353	9,269	65.7	20.3	14.0
GENERAL MILLS GROC PROD DIV	FRUIT ROLL-UPS APPLE 4.0 OZ.	16000 480900	6,849	9,215	100.0	0.0	0.0
NABISCO BRANDS, GROCERY DIV	CREAM OF WHEAT REGULAR, 28 OZ.	13130 006020	6,091	9,071	43.2	55.9	0.9
RALSTON PURINA COMPANY	RALSTON OATS, QUICK 42 OZ.	17800 620220	8,235	8,871	91.0	9.0	0.0
GENERAL MILLS GROC PROD DIV	CORN TOTAL 10 OZ.	16000 659600	5,791	8,860	51.5	48.5	0.0
KELLOGG'S	KELLOGG'S NUTRI-GRAIN CORN 12 OZ.	38000 102010	6,470	8,635	72.0	28.0	0.0
RALSTON PURINA COMPANY	COOKIE CRISP CHOC. CHIP 11 OZ.	17800 189820	6,130	8,583	71.7	28.3	0.0
CARNATION COMPANY	INSTANT BREAKFAST VARIETY PK. 6 ENVELOPE	50000 554020	5,509	8,516	77.3	0.0	22.7
KELLOGG'S	KELLOGG'S BRAN FLAKES 20 OZ.	38000 006200	5,022	8,506	84.6	0.0	15.4
KELLOGG'S	KELLOGG'S POP-TARTS CINNAMON 10.5 OZ.	38000 301000	9,178	8,490	46.7	34.4	18.9
PET INC., GROCERY GROUP	HEARTLAND NATURAL CEREAL PLAIN 16 OZ.	46000 090010	6,040	8,398	56.9	40.4	2.8
THE QUAKER OATS COMPANY	GRANOLA DIPPS ROCKY ROAD, 6 OZ.	30000 079000	6,216	8,393	66.7	15.6	17.7
GENERAL MILLS GROC PROD DIV	NATURE VLY.CWY.GRAN.BAR CHOC.CHP.8 OZ	16000 475900	5,280	8,354	36.5	49.2	14.3
PILLSBURY	TOASTER STRUDEL BLUEBERRY 6 PACK	18000 655300	7,627	8,349	4.2	95.8	0.0
RALSTON PURINA COMPANY	CABBAGE PATCH KIDS CEREAL 10 OZ.	17800 154640	6,002	8,333	42.4	34.4	23.2
RALSTON PURINA COMPANY	S'MORES BARS CHOC. FUDGE 8 OZ.	38100 140540	7,248	8,312	53.1	30.9	15.9
GENERAL MILLS GROC PROD DIV	GRANOLA BAR PEANUT BUTTER 10.0 OZ.	16000 484000	6,216	8,306	70.0	30.0	0.0
GENERAL MILLS GROC PROD DIV	FRUIT ROLL-UPS APRICOT 4.0 OZ.	16000 481000	6,100	8,277	100.0	0.0	0.0
QUAKER OATS COMPANY	MR. T 9.5 OZ.	30000 063600	5,456	8.182	13.0	84.3	2.7
RALSTON PURINA COMPANY	INST.HOT SUNMAID APL.RAIS.CIN. 14.5 OZ.	17800 129330	6,166	8,121	42.9	46.3	10.8
PILLSBURY	TOASTER STRUDEL STRAWBERRY 6 PACK	18000 655200	7,374	8,084	5.8	94.2	0.0
RALSTON PURINA COMPANY	S'MORES PEANUT BUTTER 8 OZ.	38100 140120	6,688	7,865	54.6	32.0	13.5
RALSTON PURINA COMPANY	S'MORES CARAMEL NUT 8 OZ.	38100 140250	6,730	7,830	75.0	19.0	6.0
INTERNATIONAL MULTIFOODS CORP.	SUN COUNTRY GRANOLA, ALMOND 1 LB.	24800 001680	6,448	7,735	24.9	26.7	48.4
GENERAL MILLS GROC PROD DIV	NATURE VLY.CWY.GRAN.BAR.P.BTR. 8.25 OZ	16000 475500	5,695	7,606	32.8	42.2	25.0
QUAKER OATS COMPANY	RAISIN LIFE CEREAL 15 OZ.	30000 063300	4,607	7,563	59.1	35.8	5.1

CEREALS — June 1986 Sales for All U.S. Commissaries

COMPANY	PRODUCT	UPC NUMBER	AMOUNT OF UNITS	U.S. DOLLARS	% OF AIR FORCE	% OF ARMY	% OF NAVY
GENERAL MILLS, INC.	DANDY BARS PEANUT BUTTER 6.5 OZ.	16000 492600	6,222	7,547	66.8	12.6	20.6
KELLOGG'S	KELLOGG'S RAISIN BRAN 15 OZ.	38000 008100	4,689	7,503	43.8	50.8	5.4
NABISCO BRANDS, GROCERY DIV	MIX 'N EAT, BROWN SUGAR CINNAMON, 10 OZ.	13130 006350	6,002	7,320	64.0	10.5	25.4
THE QUAKER OATS COMPANY	PNT.BTR.WHIPPS GRAN.BRS.BANANA NUT 6 OZ.	30000 079500	7,500	7,111	66.4	21.3	12.3
GENERAL MILLS GROC PROD DIV	HONEY NUT CHEERIOS 20.0 OZ.	16000 667500	2,957	7,066	100.0	0.0	0.0
THE QUAKER OATS COMPANY	QUICK COOKING OATS RAISIN/CINN. 16.5 OZ	30000 010600	5,005	7,061	63.5	26.6	9.9
CARNATION COMPANY	INSTANT BREAKFAST CHOC. MALT 6 ENVELOPE	50000 580320	4,572	7,001	41.8	58.2	0.0
NABISCO BRANDS, INC.	MIX 'N EAT STRAWBERRY 10 OZ.	13130 006560	5,680	7,001	53.8	46.0	0.2
KELLOGG'S	KELLOGG'S FROOT LOOPS 11 OZ.	38000 017100	3,817	6,793	0.0	0.0	100.0
CARNATION COMPANY	INSTANT BREAK. NO SUGAR VARIETY PK.8 ENV	50000 540620	2,802	6,745	44.9	39.9	15.2
MALT O MEAL COMPANY	TOASTED OAT CEREAL 10 OZ.	42400 003100	8,788	6,723	55.7	18.6	25.7
KELLOGG'S	KELLOGG'S CORN FLAKES 12 OZ.	38000 001100	6,320	6,447	92.1	0.0	7.9
QUAKER OATS COMPANY	100% NATURAL CEREAL W/APPLE & CINN. 15 OZ.	30000 069700	4,368	6,322	47.4	52.6	0.0
KELLOGG'S	KELLG'S. POP-TARTS P.BTR. & JELLY 11 OZ.	38000 319000	7,101	6,205	69.7	20.8	9.6
GENERAL MILLS GROC PROD DIV	NATURE VALLEY GRAN.TST. OATS 16.0 OZ.	16000 669000	3,679	6,042	100.0	0.0	0.0
PILLSBURY	TOASTER STRUDEL CINNAMON 6 PACK	18000 655000	5,520	6,016	0.0	100.0	0.0
PILLSBURY	TOASTER STRUDEL RASPBERRY 6 PACK	18000 655100	5,510	6,006	0.0	100.0	0.0
NABISCO BRANDS, GROCERY DIV	MIX 'N EAT, MAPLE & BROWN SUGAR, 10 OZ.	13130 006530	4,950	5,949	74.6	24.1	1.2
CARNATION COMPANY	INSTANT BRKFST. NO SUGR.CHOC. MALT 8 ENV	50000 540520	2,543	5,931	53.6	23.6	22.8
GENERAL FOODS CORPORATION	RAISIN GRAPE NUTS 16 OZ.	43000 106100	4,168	5,862	37.8	62.2	0.0
KELLOGG'S	KELLOGG'S POP-TARTS CHERRY 11 OZ.	38000 305000	6,188	5,664	68.7	9.4	21.9
CARNATION COMPANY	INSTANT BREAKFAST NO SUGAR VARIETY PACK	50000 540820	2,454	5,636	0.0	65.6	34.4
INTERNATIONAL MULTIFOODS CORP.	WHEAT GERM CEREAL 20 OZ.	24800 001270	3,791	5,627	55.9	32.0	12.1
QUAKER OATS	GRITS INSTANT BACON FLAV. POUCH 10 OZ.	30000 040400	5,636	5,619	39.6	38.1	22.2
CARNATION COMPANY	QUICK GRITS 2.5 LB.	50000 291650	4,352	5,613	44.6	55.4	0.0
RALSTON PURINA COMPANY	S'MORES BARS CHOC. RAISIN 8 OZ.	38100 140670	4,855	5,607	64.6	24.6	10.8
KELLOGG'S	KELLG'S. COCOA KRISPIES CHOC. CHP. 8 OZ.	38000 353000	3,960	5,416	0.0	69.3	30.7
RALSTON PURINA COMPANY	RALSTON WHEAT CHEX 22 OZ.	17800 152860	3,371	5,318	100.0	0.0	0.0
QUAKER OATS COMPANY	CHEWY GRAN. BARS RAIS.& CINN. 8 OZ.	30000 068100	3,442	4,999	0.0	70.6	29.4
THE QUAKER OATS COMPANY	INSTANT GRITS POUCH PAK HAM 10 OZ.	30000 041000	4,919	4,954	40.2	39.8	20.1
GENERAL MILLS GROC PROD DIV	NATURE VALLEY GRAN.CINN.&RAIS 16.0 OZ	16000 669200	2,922	4,832	100.0	0.0	0.0
QUAKER OATS COMPANY	QUAKER OAT BRAN CEREAL 16 OZ.	30000 070600	4,091	4,822	66.2	19.6	14.2
GENERAL MILLS, INC.	PEANUT BUTTER BOPPERS FUDGE CHIP 6 OZ	16000 498600	3,579	4,814	0.0	35.9	64.1
THE QUAKER OATS COMPANY	OH!S CEREAL HONEY GRAHAM 12 OZ.	30000 078400	3,410	4,794	14.6	85.4	0.0
NABISCO BRANDS, BISCUIT	FROST.TOASTETTES-BRN.SGR. & CINN. 9.75 OZ.	44000 005580	5,969	4,776	51.8	0.0	48.2
PILLSBURY	INSTANT BREAK.VARIETY 10 PACK 12.75 OZ.	18000 785000	2,136	4,763	32.8	0.0	67.2
PET INC., GROCERY GROUP	HEARTLAND NATURAL CEREAL COCONUT 16 OZ.	46000 090030	3,514	4,645	66.7	33.3	0.0
INTERNATIONAL MULTIFOODS CORP.	HONEY CRUNCH WHEAT GERM CEREAL 10 OZ.	24800 001350	4,798	4,645	68.1	23.3	8.6
KELLOGG'S	KELLOGG'S CORN FLAKES 7 OZ.	38000 001010	7,077	4,601	100.0	0.0	0.0
GENERAL MILLS, INC.	FRUIT ROLL-UPS RASPBERRY 4 OZ.	16000 479600	3,260	4,469	0.0	27.8	72.2
GENERAL MILLS GROC PROD DIV	GRANOLA BAR COCONUT 10.0 OZ.	16000 486200	3,227	4,404	44.3	30.0	25.7
QUAKER OATS COMPANY	PUFFED WHEAT 4 OZ.	30000 063700	5,419	4,393	12.3	59.3	28.4
KELLOGG'S	KELLOGG'S BRAN BUDS 17.7 OZ.	38000 013020	3,077	4,389	30.3	69.7	0.0
GENERAL MILLS GROC PROD DIV	FRUIT BAR ORANGE PINEAPPLE 4.8 OZ.	16000 492200	3,118	4,336	0.0	54.2	45.8
GENERAL MILLS GROC PROD DIV	NATR.VLY.CWY.GRN.BAR P.BTR.C.CHP 8 OZ	16000 476700	3,105	4,289	34.2	36.4	29.4
KELLOGG'S	KELLOGG'S RAISINS, RICE & RYE 18 OZ.	38000 023100	2,003	4,269	4.0	63.6	32.4
MARTHA WHITE FOODS, INC.	"JIM DANDY" QUICK GRITS 5 LB.	13300 122010	3,058	4,250	0.0	79.8	20.2
MALT-O-MEAL	PUFFED WHEAT 6 OZ.	42400 002200	9,441	4,221	73.8	10.8	15.4
THE QUAKER OATS COMPANY	OH!S CEREAL CRUNCHY NUT 12.75 OZ.	30000 078300	2,969	4,152	16.8	83.2	0.0
GENERAL MILLS	RAISIN NUT BRAN CEREAL 14 OZ.	16000 659800	2,645	4,117	100.0	0.0	0.0
GENERAL FOODS CORPORATION	POST TOASTIES FROSTED FLAKES 20 OZ.	43000 107500	2,386	4,063	50.1	49.9	0.0
NABISCO BRANDS, GROCERY DIV	SPOON SIZE SHREDDED WHEAT, 12 OZ.	13130 000530	3,144	4,056	100.0	0.0	0.0
GENERAL FOODS CORPORATION	GRAPE NUTS FLAKES 12 OZ.	43000 109330	3,199	3,966	17.0	18.8	64.2
QUAKER OATS COMPANY	CAP'N CRUNCH'S CHOCO CRUNCH 12 OZ.	30000 065500	2,608	3,362	98.4	0.0	1.6
RALSTON PURINA COMPANY	INST. HOT SUN-MAID RAISIN SPICE 15.5 OZ.	17800 129620	3,082	3,829	32.4	53.9	13.7
PILLSBURY COMPANY	MILK BREAK MILK BAR CHOC. 12/9 OZ.	18000 769300	3,371	3,826	38.4	14.2	47.4
RALSTON PURINA COMPANY	INST. HOT SUN-MAID DATE,RAIS.WLNT.15 OZ.	17800 129750	2,970	3,823	44.9	38.6	16.5
CARNATION COMPANY	INSTANT BREAKFAST STRAWBERRY 6 ENVELOPE	50000 552520	2,733	3,758	78.5	21.5	0.0
SUNSHINE BISCUITS, INC.	SHREDDED WHEAT 10 OZ.	24100 701590	4,323	3,728	56.1	36.5	7.4
GENERAL MILLS, INC.	PEANUT BTR. BOPPERS PNT. CRUNCH 6 OZ.	16000 498700	2,664	3,566	0.0	36.0	64.0
NABISCO BRANDS, BISCUIT	FROST. TOASTETTES-STRAWBERRY 9-3/4 OZ.	44000 005560	4,392	3,562	63.1	1.8	35.1
SUNSHINE BISCUITS, INC.	SHREDDED WHEAT BITE SIZE 12 OZ.	24100 701600	3,506	3,539	38.9	54.0	7.2
MERICO	TOASTER PASTRY APPLE FROSTED 11 OZ.	33700 471540	5,810	3,303	53.8	46.2	0.0
GENERAL MILLS GROC PROD DIV	NATURE VLY. CWY.GRAN.BAR APPLE 8 OZ.	16000 475800	2,394	3,228	49.5	21.6	28.9
MALT O MEAL COMPANY	HOT CEREAL CHOC. FLAVORED 28 OZ.	42400 001360	2,664	3,153	22.6	57.1	20.4
GENERAL MILLS, INC.	NTR.VLY.CWY.GRAN.BAR CHOC./CHOC.CHP.8 OZ	16000 476600	2,323	3,144	0.0	36.0	64.0
INTERNATIONAL MULTIFOODS CORP.	SUN COUNTRY GRANOLA, RAISIN & DATE 1 LB.	24800 001560	2,690	3,010	28.9	71.1	0.0
KELLOGG'S	KELLOGG'S RAISIN BRAN 11 OZ.	38000 008000	2,381	2,977	100.0	0.0	0.0
QUAKER OATS COMPANY	PUFFED RICE 5 OZ.	30000 061300	3,488	2,857	9.5	63.7	26.8
THE QUAKER OATS COMPANY	CHEWY GRANOLA BARS CHOC. MINT CHIP 8 OZ.	30000 079600	1,886	2,793	32.1	5.5	62.4
QUAKER OATS COMPANY	HOMINY GRITS REGULAR 1 1/2 LBS.	30000 040900	3,855	2,737	10.5	89.5	0.0
GENERAL MILLS GROC PROD DIV	NATURE VLY.CWY.GRAN.BAR RAISIN 8 OZ.	16000 475600	1,847	2,548	46.1	53.9	0.0
PILLSBURY COMPANY	INSTANT BREAKFAST 10 PK. CHOC. 13 OZ.	18000 790800	1,133	2,521	46.8	45.1	8.1
MERICO	TOASTER PASTRY CINNAMON FROSTED 11 OZ.	33700 471550	4,366	2,516	52.2	47.8	0.0
MERICO	TOASTER PASTRY CHERRY FROSTED 11 OZ.	33700 471560	4,474	2,464	100.0	0.0	0.0
NABISCO BRANDS, GROCERY DIV	SPOON SIZE SHREDDED WHEAT, 24 OZ.	13130 000500	1,350	2,437	9.2	0.0	90.8
MERICO	TOASTER PASTRY STRAWBERRY FROSTED 11 OZ.	33700 471530	4,259	2,358	100.0	0.0	0.0
MALT O MEAL COMPANY	SUGAR FROSTED WHEAT PUFFS 18 OZ.	42400 004100	1,675	2,348	4.6	0.0	95.4
INTERNATIONAL MULTIFOODS CORP.	SUN COUNTRY GRANOLA, RAISIN 1 LB.	24800 001500	1,973	2,276	44.5	55.5	0.0
THE QUAKER OATS COMPANY	CHEWY GRANOLA BARS BANANA CHO. CHIP 8 OZ	30000 076500	1,484	2,262	11.8	8.8	79.4

CEREALS — June 1986 Sales for All U.S. Commissaries

COMPANY	PRODUCT	UPC NUMBER	AMOUNT OF UNITS	U.S. DOLLARS	% OF AIR FORCE	% OF ARMY	% OF NAVY
NABISCO BRANDS, GROCERY DIV	CREAM OF RICE, 14 OZ.	13130 006980	2,654	2,230	80.3	0.0	19.7
PILLSBURY COMPANY	MILK BREAK MILK BAR P. BUTTER 12/9 OZ.	18000 769200	2,025	2,210	39.6	13.3	47.0
GENERAL FOODS CORPORATION	C.W.POST FAMILY STYLE 15 OZ.	43000 127000	1,336	2,204	100.0	0.0	0.0
GENERAL MILLS GROC PROD DIV	GRANOLA BAR PEANUT 10.0 OZ.	16000 486900	1,449	2,090	55.2	0.0	44.8
GENERAL MILLS, INC.	GRANOLA BAR CHOC. CHIP 9 OZ.	16000 485900	1,486	2,046	99.8	0.0	0.2
PILLSBURY	FIGURINES VANILLA 6.08 OZ.	18000 784600	1,480	1,998	0.0	100.0	0.0
GENERAL MILLS, INC.	GRANOLA BAR CHEWY CARMEL CHOCOLATE CHIP	16000 475700	1,482	1,971	94.2	0.0	5.8
GENERAL MILLS GROC PROD DIV	TRIX 17 OZ.	16000 674000	811	1,961	100.0	0.0	0.0
GENERAL MILLS, INC.	CEREAL FRANKENBERRY 12 OZ.	16000 685600	1,026	1,837	67.8	32.2	0.0
QUAKER OATS COMPANY	INSTANT OATMEAL HONEY & OATS 12.5 OZ.	30000 014700	1,097	1,766	12.6	70.2	17.2
QUAKER OATS COMPANY	HOMINY GRITS QUICK 5 LBS.	30000 043700	1,201	1,762	100.0	0.0	0.0
GENERAL MILLS GROC PROD DIV	TOTAL 8.0 OZ.	16000 658100	1,337	1,751	0.0	0.0	100.0
PILLSBURY	FIGURINES CHOCOLATE 6.08 OZ.	18000 784700	1,290	1,742	0.0	100.0	0.0
QUAKER OATS COMPANY	WHOLE WHT.HOT NAT.CRL. 14 OZ.	30000 072000	2,785	1,727	1.2	98.8	0.0
GENERAL MILLS GROC PROD DIV	GRANOLA CLUSTERS CHOC. CHIP 7.25 OZ.	16000 490900	1,124	1,584	60.0	40.0	0.0
NABISCO BRANDS, BISCUIT	FROST. TOASTETTES-FUDGE 9.75 OZ.	44000 005590	1,821	1,484	66.0	0.0	34.0
RALSTON PURINA COMPANY	INSTANT HOT SUN-MAID MIXED FRUIT 14 OZ.	17800 129590	1,108	1,450	60.6	0.0	39.4
QUAKER OATS COMPANY	HOMINY GRITS QUICK, 2 LBS.	30000 043600	1,772	1,400	100.0	0.0	0.0
NATIONAL OATS COMPANY	3 MINUTE QUICK OATS 18 OZ.	11134 100100	1,607	1,382	100.0	0.0	0.0
GENERAL MILLS GROC PROD DIV	KIX 13.0 OZ.	16000 663700	856	1,354	100.0	0.0	0.0
THE QUAKER OATS COMPANY	INSTANT GRITS POUCH PACK CHEESE 10 OZ.	30000 040700	1,301	1,340	100.0	0.0	0.0
NABISCO BRANDS, GROCERY DIV	CREAM OF WHEAT, QUICK 14 OZ.	13130 006110	1,562	1,304	0.0	0.0	100.0
RALSTON PURINA COMPANY	CRISPY OATMEAL & RAISIN CHEX 16 OZ.	17800 151760	799	1,301	2.3	97.7	0.0
KELLOGG'S	KELLOGG'S REQUEST PACK 12 CADDIES 6 IND.	38000 051300	1,160	1,273	0.0	100.0	0.0
GENERAL MILLS GROC PROD DIV	BOO-BERRY 12.0 OZ.	16000 687500	701	1,256	100.0	0.0	0.0
MARTHA WHITE FOODS, INC.	"JIM DANDY" QUICK GRITS 2 LB.	13300 130010	1,760	1,241	21.3	0.0	78.7
QUAKER	GRITS, QUICK 1.5 LB.	30000 042100	1,794	1,144	0.0	0.0	100.0
MARTHA WHITE	BOIL-IN-BAG QUICK GRITS 10 OZ.	13300 138010	1,550	1,019	20.6	58.1	21.4
NATIONAL OATS	OLD FASHIONED OATS 18 OZ.	11134 105100	1,081	929	100.0	0.0	0.0
RALSTON PURINA COMPANY	INSTANT HOT RALSTON 24 OZ.	17800 100580	773	890	14.8	0.0	85.2
KELLOGG'S	APPLE MINI-WHEATS 16 OZ.	38000 025200	514	883	0.7	99.3	0.0
MARTHA WHITE	"DIXIE LILY" QUICK GRITS 1.5 LB. BAG	13300 125390	1,635	868	83.8	0.0	16.1
CARNATION COMPANY	INSTANT BREAKFAST VANILLA 10 ENVELOPE	50000 530620	368	851	100.0	0.0	0.0
RALSTON PURINA COMPANY	INSTANT HOT SUN-MAID RAISIN NUT 14.5 OZ.	17800 129460	713	851	43.9	0.0	56.1
GENERAL FOODS	POST FRUIT AND FIBER 5 OZ. BOX	43000 104600	2,145	793	100.0	0.0	0.0
QUAKER OATS COMPANY	CORN BRAN 12 OZ.	30000 068700	571	772	100.0	0.0	0.0
MARTHA WHITE	"DIXIE LILY" QUICK GRITS 1 LB. BOX	13300 120390	1,533	736	76.5	0.0	23.5
MERICO	TOASTER PASTRY CHOCOLATE FROSTED 11 OZ.	33700 471580	1,299	733	100.0	0.0	0.0
MERICO	TOASTER PASTRY, GRAPE FROSTED 11 OZ.	33700 471510	1,130	712	0.0	100.0	0.0
PILLSBURY COMPANY	INSTANT BREAKFAST CHOCOLATE MALT 10 PK.	18000 785100	350	711	100.0	0.0	0.0
PILLSBURY COMPANY	INSTANT BREAKFAST 6-PK. VARIETY 7.5 OZ.	18000 784900	483	710	0.0	66.2	33.8
CARNATION COMPANY	SLENDER DIET BARS, CHOC. 4/2 BAR ENVELOP	50000 760120	460	685	0.0	100.0	0.0
MARTHA WHITE FOODS, INC.	"JIM DANDY" QUICK GRITS 1 LB.	13300 116010	1,288	618	0.0	0.0	100.0
KELLOGG'S	KELLOGG'S RICE KRISPIES 10 OZ.	38000 005100	481	614	25.1	0.0	74.9
GENERAL MILLS GROC PROD DIV	WHEAT HEARTS 28.0 OZ.	16000 485700	485	595	100.0	0.0	0.0
GENERAL MILLS GROC PROD DIV	GRANOLA CLUSTERS CARAMEL 7.25 OZ.	16000 488100	417	590	95.2	4.8	0.0
SOVEX NATURAL FOOD, INC.	FRUIT NUT CEREAL 1 LB.	41648 012320	400	575	0.0	100.0	0.0
GENERAL MILLS GROC PROD DIV	E.T. 14.0 OZ.	16000 692500	309	544	22.4	77.5	0.0
SOVEX NATURAL FOOD, INC.	HONEY ALMOND CEREAL 1 LB.	41648 012120	392	544	2.5	97.5	0.0
NATONAL OATS	3 MINUTE GRITS 20 OZ.	11134 130100	845	541	100.0	0.0	0.0
MARTHA WHITE	"JIM DANDY" QUICK GRITS 1 LB. BOX	13300 121070	1,278	489	100.0	0.0	0.0
RALSTON PURINA	INSTANT OATMEAL APPLES & CINN. 12.5 OZ.	17800 185130	360	433	100.0	0.0	0.0
CARNATION COMPANY	SLENDER DIET BARS VANILLA 4/2 BAR ENVLP.	50000 760420	290	432	0.0	100.0	0.0
QUAKER OATS COMPANY	HOMINY GRITS REGULAR 1.5 LBS.	30000 042000	1,010	354	0.0	100.0	0.0
QUAKER OATS COMPANY	QUAKER QUISP 9 OZ.	30000 063100	236	328	100.0	0.0	0.0
RALSTON PURINA COMPANY	RALSTON OATS, QUICK 18 OZ.	17800 620190	563	306	100.0	0.0	0.0
PILLSBURY COMPANY	MILK BREAK MILK BARS MILK 12/9 OZ.	18000 769000	292	266	6.2	93.8	0.0
RALSTON PURINA COMPANY	SUN-MAID INST.HOT CER. APPLE CINN. 15 OZ	17800 129200	189	245	100.0	0.0	0.0
MARTHA WHITE	"DIXIE LILY" QUICK GRITS 5 LB. BAG	13300 122390	175	243	100.0	0.0	0.0
NABISCO BRANDS, INC.	APPLE FRUIT WHEATS, 15.5 OZ.	13130 010400	154	215	0.0	0.0	100.0
MARTHA WHITE	"DIXIE LILY" REGULAR GRITS 1.5 LB. BAG	13300 123390	343	185	100.0	0.0	0.0
GENERAL FOODS CORPORATION	FORTIFIED OAT FLAKES 12 OZ.	43000 112600	121	177	100.0	0.0	0.0
QUAKER OATS COMPANY	CREAMY WHEAT FARINA 20 OZ.	30000 070500	280	162	0.0	100.0	0.0
RALSTON PURINA	INSTANT OATMEAL PEACHES & CREAM 12.5 OZ.	17800 185260	116	140	100.0	0.0	0.0
RALSTON PURINA COMPANY	COOKIE CRISP CRACKER JACK 11 OZ.	17800 130390	99	138	100.0	0.0	0.0
NABISCO BRANDS, INC.	RAISIN FRUIT WHEATS, 15.5 OZ.	13130 010410	97	135	0.0	0.0	100.0
GENERAL MILLS GROC PROD DIV	GRANOLA CLUSTERS ALMOND 7.25 OZ.	16000 488200	92	129	100.0	0.0	0.0
GENERAL MILLS GROC PROD DIV	GRANOLA CLUSTERS RAISIN 7.25 OZ.	16000 488000	85	124	0.0	0.0	100.0
QUAKER OATS COMPANY	INSTANT OATMEAL BRAN & RAISINS 15 OZ.	30000 014500	76	122	0.0	0.0	100.0
GENERAL MILLS GROC PROD DIV	GRANOLA CLUSTERS CHOCOLATE 7.25 OZ.	16000 490800	81	114	100.0	0.0	0.0
GENERAL MILLS GROC PROD DIV	COUNTRY CORN FLAKES 15.0 OZ.	16000 668100	68	113	100.0	0.0	0.0
QUAKER OATS COMPANY	HALFSIES 16 OZ.	30000 064200	50	93	100.0	0.0	0.0
RALSTON PURINA COMPANY	SUN-MAID HOT CER.DATE,RAIS.,WLNT.16.5 OZ	17800 129040	69	89	100.0	0.0	0.0
RALSTON PURINA COMPANY	GREMLINS 11 OZ.	17800 143000	48	77	3.8	0.0	96.2
GENERAL MILLS GROC PROD DIV	GRANOLA BAR ALMOND 10.0 OZ.	16000 486400	44	67	100.0	0.0	0.0
INTERNATIONAL MULTIFOODS CORP.	TOASTED WHEAT BRAN 12 OZ.	24800 001720	66	58	0.0	0.0	100.0
RALSTON PURINA COMPANY	SUN-MAID INST.HOT CRL.RAIS.SPICE 17 OZ.	17800 129170	42	57	94.6	0.0	5.4
RALSTON PURINA COMPANY	DONKEY KONG JUNIOR 11 OZ.	17800 129910	29	46	100.0	0.0	0.0
QUAKER OATS COMPANY	HOMINY GRITS INSTANT BACON FLAV. 8 OZ.	30000 039400	45	38	100.0	0.0	0.0
NABISCO BRANDS, GROCERY DIV	MIX 'N EAT, RAISINS & SPICE, 12 OZ.	13130 006540	24	23	100.0	0.0	0.0
QUAKER OATS COMPANY	HOMINY GRITS INSTANT 8 OZ.	30000 040600	20	21	100.0	0.0	0.0

market report

Tobacco's New Frontiers: More Savings, Many More Brands

Relying less on advertising and more on promotions, tobacco companies seek out new marketing channels.

By Beverly Jones, Associate Editor

TOBACCO MANUFACTURERS are developing new marketing techniques and new products to capture shares of the smoldering cigarette market.

The increasing popularity of on-carton coupons and the spread of generics point to a new trend: customer savings. Customers are looking to save a buck on their tobacco bills, just as they do with other products.

For many years, tobacco manufacturers didn't worry about prices, because there was a single-tiered pricing system. Now, price has to be reckoned with, and on-carton coupons and economy-value cigarettes have become more potent weapons.

There are more brands than ever, and the trend doesn't appear likely to stop. In 1985, tobacco companies introduced 46 new cigarette products, bringing the total number of styles and brands to 250.

"Proliferation of new products should continue for some time, with many new brands likely to be introduced in the value-price category," Thomas E. Sandefur, president of Brown & Williamson, said in a press release.

John Maxwell, author of the authoritative *Maxwell Report*, told MILITARY MARKET that unit consumption will continue to decline a percentage point or more a year for the next several years.

Generics Increase Their Share

In the past, the cigarette market was relatively stable, but the introduction of generics in 1980 by Liggett & Myers changed that drastically.

When generics were first introduced, other companies in the industry scoffed, predicting an early demise. But they judged too quickly.

Generics, or no-names, have grown significantly over the last several years. In 1982, they had a 1 percent share of the cigarette market; this grew to 4 percent in 1984. By 1985, the generic market, which also includes low-price brands as well as no-name brands, held a 7½ percent share.

"It's just tremendous, when you see a jump like that in a two- to three-year period," said Brown & Williamson spokesman Michael Bateman. "And it's significant when you consider the mature market tobacco holds."

Tobacco analyst Maxwell said the generics market will continue to grow. "I think we'll see a percentage point increase a year," he said.

The introduction of black and whites — as generics are sometimes called — has opened the door to other categories. Marketers have found a new niche, "brand generics."

Also called economy-priced or low-price brands, brand generics are priced between true generics and brand-name cigarettes.

Yet another market segment is private label generics — labels made for specific retailers — 7-Eleven, for example.

Sales are respectable. With a 47.5 percent share of the private label/no-frills market, Liggett & Myers has a corner on this share of the business.

Branded generics like R.J. Reynolds' Doral, and Cambridge, by Philip Morris, fall between brand names and generics. Doral is R.J. Reynolds' fastest-growing brand, with a 1.3 percent market share; Cambridge grabbed an 0.6 percent share in 1985.

Cambridge went national early this year, after a short test of only two months. Philip Morris changed Cambridge from an ultra-low tar to a cigarette with 12 milligrams of tar. The quick test and subsequent tar change were in response to the growth of R.J. Reynolds' Doral.

Both brands were recycled from the brand-name segment, where they were dying, to the brand generic segment, where they are more successful.

Brand generics sell about 60¢ to 75¢ cheaper per carton than generics, but are packaged like a brand name cigarette.

Price is the big attraction, with a secondary appeal to those image-concerned people who worry about toting black-and-white packs.

Lorillard, the only big manufacturer not in the generics business, hasn't entered the market because of "very little profit margin," a company spokeswoman said.

Generics and low-price brands tend to sell well in areas where there are a lot of retired military personnel, industry sources told MILITARY MARKET.

Retired military make up 32 percent of all commissary patrons and watch their money closely, said Ted Costas, manager of military accounts for Philip Morris.

market report

Ban Expands

IN LATE AUGUST OF this year, all TV and radio advertising for smokeless tobacco was banned.

Manufacturers of smokeless tobacco now join the ranks of cigarette manufacturers, who have been banned from the airwaves for many years. The broadcasting ban was decided in Congress and signed into law by President Reagan in February 1986.

Congress also now requires that a warning, like the Surgeon General's warnings on cigarettes, be placed in print advertisements and on smokeless tobacco tins and pouches. The Federal Trade Commission is working on final regulations regarding the warning labels, which will be required on all smokeless products beginning February 1987.

Three different warnings will rotate: "This product may cause oral cancer," "This product may cause gum disease and tooth loss," and "This product is not a safe alternative to cigarettes."

Most smokeless tobacco manufacturers said that they aren't surprised by the regulations. "I think it was expected and not any great surprise," one smokeless tobacco producer told MILITARY MARKET.

The manufacturer, who asked not to be identified, said that he felt the warnings will lose their meaning after awhile. "The public has become so accustomed to these warnings, that they don't pay attention to them anymore and they become worthless," he observed.

Over the last several years, companies have begun to spend less on advertising — partly because of stiff FTC restrictions — and more on promotions and couponing.

"I think it's conceivable that we could see it swing to [a] 80/20 [balance]," said Thomas E. Sandefur Jr., president of Brown & Williamson Tobacco, in a written statement. — B.J.

Up For the 25 Count

Like the name brands, generics and low price brands have entered the 25-count package market.

Sales of the low priced brands and the 25-count packs are indications that customers are seeking greater cost savings.

"Discount 25s will probably move ahead faster than brand name 25s," John Maxwell predicted.

According to Brown and Williamson, 25 counts have captured more than 2 percent of the total $30 billion cigarette market — in less than two years.

R.J. Reynolds started the market for 25s in 1983 with its introduction of Century.

Manufacturers say the new count size was started for consumer convenience. Industry analysts found that people smoked an average 22.5 cigarettes a day.

"We went to the 25s for the convenience for the customer, so they wouldn't have to open a new pack every day," said Philip Morris' Costas.

Marlboro 25 has been out for a year. Philip Morris has extended its 25 counts to Marlboro Lights, Players and Players Light.

"We've had some success with the 25's," said Ralph Gaillard, military accounts manager at R.J. Reynolds.

But, he added, "it's taken the consumer some time to get used to the 25 pack."

American Tobacco has just introduced Pall Mall King Size 25s, a nonfilter cigarette. The brand went national about four months ago and is doing "exceptionally well," said C.E. "Speck" Henderson, military sales manager.

Pall Mall is American's No. 1 cigarette for the military, with Lucky Strikes a close second. American Tobacco may come out with more 25-count lines, Henderson said.

More Promotion, Fewer Ads

Now that everyone has jumped on the bandwagon, coupons are the wave of the future. Couponing, relatively new in the tobacco industry, has increased in popularity over the last several years.

Manufacturers have responded by changing their marketing techniques. Many are allocating more money in their marketing budgets for promotion and less for advertising.

The commissary agencies have called for all military-specific couponing to be terminated by Jan. 1, 1987.

Private sector coupons and on-carton coupons will still be allowed, but manufacturers can no longer print on the coupons, *Redeemable at military commissaries or exchanges only.*

Military coupons were started for tracking and control purposes, according to Reynolds' Ralph Gaillard. He said the impact of the new DoD tobacco directive will be minimal. "I don't think it'll have a drastic effect on sales," Gaillard said.

Philip Morris entered the coupon market in October 1985, one of the last manufacturers to catch the couponing craze. "Our brands sell on image, like Marlboro and Benson & Hedges," said Costas.

New Market Segments

Tobacco manufacturers have changed with the times by reshuffling their marketing priorities. The idea now is to find unconquered territory within a dwindling market. For instance, the female smoker is being courted more than ever.

Some brands being test-marketed this year are aimed specifically at the female segment of the market.

Lorillard is testing Newport Slim Lights in Connecticut, and Brown & Williamson is trying out Kim in Tennessee. Both are targeted for the young adult female who wants a long, slim, feminine-looking cigarette.

Ritz, introduced nationally by R.J. Reynolds in 1985, is another example. The company hopes the name of Yves Saint Laurent will appeal the same way Calvin Klein started the national craze for designer jeans.

The Marlboro man is still No. 1 with male and female smokers alike, according to Maxwell. Philip Morris' famous brand captures 23 percent of the total tobacco market.

R.J. Reynolds' Winston is rated No. 2, followed by its Salem, Brown & Williamson's Kool and Philip Morris' Benson & Hedges. Together, the fabulous five account for more than half of the industry's total sales.

Park Avenue Tobacco Co. introduced its 1776 brand to the military in April 1985. The brand is holding its own, a company spokesman told MILITARY MARKET, and it is the "bread

market report

Cigarette Use By Military Personnel Is Greater Than the U.S. Average
1985

	U.S. Average Per Capita Usage*	Military Per Capita Usage**	Military Index
TOTAL U.S.	3,334	—	—
MILITARY ON-BASE			
WORLDWIDE	—	7,679	230
DOMESTIC	—	7,227	217
OVERSEAS	—	9,844	295

Per Capita Cigarette Sales: Military Personnel in the U.S.* Versus Total U.S. Average**
1985 to 1970

Year	Total U.S.**	Military On-Base*	Index
1985	3,334	7,227	217
1984	3,411	7,915	232
1983	3,494	8,200	235
1982	3,746	8,455	226
1981	3,840	8,296	216
1980	3,880	8,120	209
1979	3,900	8,117	208
1978	3,970	8,313	209
1977	4,064	8,200	202
1976	4,092	8,498	208
1975	4,123	8,451	205
1974	4,141	8,402	203
1973	4,148	8,153	196
1972	4,043	7,952	197
1971	4,037	7,889	196
1970	3,985	7,731	194

* Cigarettes per capita — military adults in the United States, ages 18 years or older. On-base sales only. * Cigarettes per capita — U.S. adults, ages 18 years or older.

Research Department: Army Times Publishing Company.

and butter" brand for the company. The company is test-marketing a new mystery brand, but declined to say more.

The 1776 brand was launched as a military exclusive last year. This year it branched into the domestic market.

But the biggest change for 1776 this year was a price increase. The product started in the low-price segment, competing with brands like Doral and Cambridge. Park Avenue recently raised the commissary price to about $4.80 a carton, out of the economy/low-price segment and into a mid-price segment. A Park Avenue spokesman said the increase was in response to increased costs and excise taxes.

Smokeless Market Is Changing

While it occupies only a small part of the tobacco industry, smokeless tobacco manufacturers have gotten a lot of big press lately.

Health officials are now warning that long-time users face higher incidents of oral cancer, although the Smokeless Tobacco Council contends that the research is not conclusive enough to warrant such statements.

"We still don't believe there has been enough scientific evidence," said one manufacturer.

However, "The risk of oral cancer for a long-time user of smokeless tobacco is 50 times that of a non-user," said Tim Hensley of the Office of Smoking in the Department of Health and Human Services.

Legislation which passed Congress this year requires manufacturers to place warning labels on smokeless tobacco products and in print advertising by Feb. 1, 1987.

[EDITOR'S NOTE: See accompanying story on page 40.]

There are several types of smokeless tobacco. Snuff and chewing tobacco are the industry mainstays. Twist and plug types account for very little in the way of sales and aren't sold extensively in the military.

There are some 12 million consumers of smokeless tobacco; half are regular users, said Health's Hensley.

U.S. Tobacco says it is continuing its hold on the market with the No. 1 and No. 2 two snuffs: Copenhagen and Skoal. The No. 1 chewing tobacco is Conwood's Levi Garrett; the No. 2 is Pinkerton's Red Man, according to industry sources.

market report

1985 Cigarette Sales on Military Bases By Resale System and By Area

SALES IN DOLLARS

Area	Domestic	Overseas	Worldwide
Exchanges*	$286,268,600	$ 62,843,800	$349,112,400
Commissaries	$250,208,000	$ 47,692,000	$297,900,000
Clubs	$ 53,233,000	$ 25,913,500	$ 79,146,500
TOTAL	$589,709,600	$136,449,300	$726,158,900

* Includes vending machines sales.

SALES IN UNITS (Cigarettes)

Area	Domestic	Overseas	Worldwide
Exchanges	10,877,181,000	3,342,975,000	14,220,156,000
Commissaries	12,142,635,000	2,740,856,000	14,883,491,000
Clubs	1,922,426,000	1,016,039,000	2,938,465,000
TOTAL	24,942,242,000	7,099,870,000	32,042,112,000

Research Department: Army Times Publishing Company.

Worldwide Cigarette Sales Growth

In Military Commissaries, Exchanges and Clubs

1985 to 1973 (in millions of dollars)

Year	Clubs	Commissaries	Exchanges	TOTAL
1985	79.2	297.9	349.1	726.2
1984	80.2	295.3	358.8	734.3
1983	81.1	274.5	369.9	725.5
1982	74.2	269.5	364.8	708.5
1981	69.1	251.0	347.8	668.0
1980	63.8	223.3	332.4	619.5
1979	58.6	207.2	308.2	574.0
1978	55.9	190.3	314.3	560.5
1977	52.1	171.4	294.6	518.1
1976	49.5	168.0	281.6	499.1
1975	48.8	167.0	273.6	489.4
1974	46.0	150.0	251.0	447.0
1973	43.0	139.7	249.0	431.7

Research Department: Army Times Publishing Company.

A recent Surgeon General report cited the increased popularity of smokeless tobacco among young males. TV commercials "used ball players and country music players aimed at male adolescents," Hensley said.

To reduce the potential political heat, the Smokeless Tobacco Council last year began a Youth Education Program to warn youngsters under 18 years old not to use smokeless tobacco products. "We believe it is an adult choice," said Bill Condon of Conwood Corp. The Smokeless Tobacco Council has also distributed 10,000 "Adults Only" signs to retail outlets.

The $1 billion industry was down 1 percent in 1985, according to the Smokeless Tobacco Council.

Despite the troubles in the smokeless market, not everyone is giving up. Helme Tobacco has recently introduced Lancaster chewing tobacco, a premium-priced product.

Comeback Possible for Cigars

Cigar smokers have long considered themselves a discriminating minority in the tobacco market. Although the cigar market declined considerably over the last 10 years, it plateaued last year. It is now showing signs of a possible comeback.

Men traditionally begin cigar smoking in their mid-30's. Baby boomer males are in that age-group now, said Leonard Saffir, a spokesman for the Cigar Association of America. The industry hopes that these men will begin smoking cigars.

The best sales are shown by high-grade or premium types, while domestic popular-priced cigar lines are still floundering.

Consolidated Cigar says the No. 1 cigar brand is its Dutch Masters. With the recent acquisition of American Tobacco's cigar lines, Consolidated now claims close to 50 percent of the cigar market.

Cigar production is only a small fraction of American Tobacco's business, said military sales manager Speck Henderson. "We're not able to stay in business with only a couple of lines of cigars. You need a lot more than three lines to make it profitable."

Ten million Americans smoked cigars in 1985, which resulted in $650 million in sales. **MM** market report

Is Beauty Biz Bottoming Out?

An overcrowded cosmetics and toiletries market threatens to collapse, analysts fear. There are too many new products, free gifts, and women and men who are yawning at it all. Associate Editor Jenice Armstrong files this update.

THE BEAUTY BUSINESS, WHICH ONCE seemed to face endless possibilities, now is on the verge of bottoming out.

"In real terms, the industry is overcapacity," William Fitzgerald, a beauty industry consultant, told MILITARY MARKET.

The industry is oversaturated because cosmetics and toiletries manufacturers are continually introducing new products to an already overcrowded market. This leads to lower profits for some makers, industry observers said.

"The way things are going, by 1990 the industry is going to be dominated by four or five major companies," Fitzgerald said. "The odds are greatly against survival" for smaller companies.

By the end of the century, the only remaining big players in the business will be Estee Lauder, Elizabeth Arden, Charles of the Ritz, Lancome and Avon, he predicted.

Fitzgerald, an economist, is president of W.J. Fitzgerald, a research firm that every month surveys 10,000 women to determine what their beauty habits are and what they like in the market.

According to what he's found, women don't get as excited anymore about new products.

"Women are not quite so enchanted with the romance of the old industry," Fitzgerald said. "They're just too damn many [products] ... How many perceptions can you have of a pink? They [manufacturers] overdo it."

To boost interest, fragrance and cosmetic manufacturers now routinely offer free goods such as a gift-with-purchase, and special purchase-with-purchase deals.

At present, in 35 percent of all fragrance sales there's a freebie attached. Thirty percent of color cosmetics offer free gift incentives. This has lead to lower profits, Fitzgerald said.

But while women may be buying fewer fragrances, men are buying more for themselves. Traditionally, men have relied on wives and girlfriends to purchase their fragrance products. But now, they are doing the buying themselves. Usually, it's men with higher incomes and higher education that buy their own fragrances, Fitzgerald said.

However, he thinks the move toward mens' color cosmetics isn't going to last. "I don't think it's going to be that successful," he said. "Men really don't care. They just don't get excited about it [makeup]."

One reason is that a man's skin is generally better than a woman's. "It lasts longer. It shows the affects of age less," he said.

In addition, men aren't as susceptible as women to cosmetics advertising. As an example, he pointed to Argyos, a fragrance he said was marketed toward gay men. "That thing fell on its tail," Fitzgerald said.

While he thinks men's cosmetics are a fad, he thinks mousse make-up products, like Elizabeth Arden's Simply Perfect Mousse foundation, are here to stay.

"I doubt that it's a fad. It feels good, looks good. The women primarily over 30 are buying it," he said. "Their sales are very satisfactory for that product ... There aren't enough of them [products] on the market, that are truly that type."

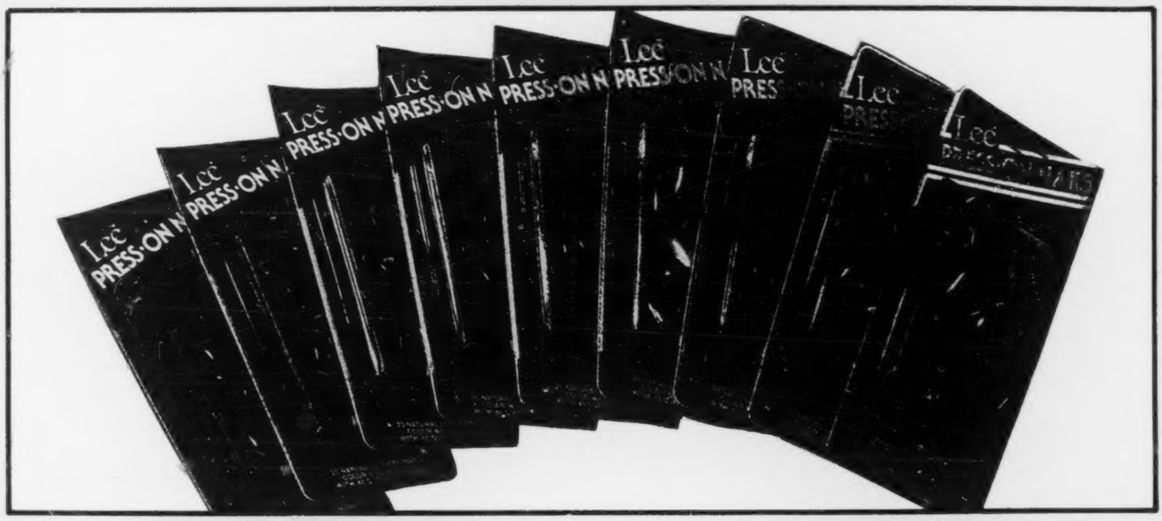
Fake Nails Provide A Real Jolt to Nail Care

NEXT YEAR, THE NAILS WILL HAVE IT, as this already-booming category gets an additional boost from new artificial nail products which are easier and quicker to use.

Press-on, stick-on or self-adhesive — they're known by a variety of names. Whatever their names, consumers agree the new nails are an improvement over the old ones, which often required waiting for messy glue to dry.

Since Lee Pharmaceutical introduced its first Press-On nails in February 1985, shoppers have been buying them so fast that some civilian retailers have had trouble keeping them in stock.

"It [Lee Press-on nails] grew so fast that it was difficult to keep up with production capabilities," said Dale S. Nepsa, Lee's national sales manager.



PRESS ON!: Success of fake nail products is "difficult to keep up with . . ." Big names are Lee and Eylure of London.

Another reason stores have had problems keeping the product in stock is because some don't realize that Press-On Nails is a multiple sale item. A customer may purchase several packages at once in order to have various colors on hand.

The boost from fake nails comes at a time when the nail care business is enjoying increasing sales. Recent estimates put the industry at $794.8 million — a 12.9 percent increase over 1984, according to a recent survey conducted by *Product Marketing* magazine.

In the last five years, the industry has grown at the rate of 10.7 percent a year, according to the survey. The artificial nail category has jumped 12 percent since 1984, to $61.5 million in 1985.

Sales have increased, because American women are now putting more emphasis on their hands.

In the '60s, eyes were the primary makeup focus as women donned false eyelashes, heavy eyeliner and frosty shadows. Nails were ignored or were painted in frosted pastels.

During the health conscious '70s, women opted for long, healthy, well-cared for nails in natural colors, as well as bright reds, maroons, plums and browns. However, outlandish blues, greens, yellows and even black also had their place in the market.

The '80s businesswoman doesn't have the time to fuss with messy nail products. She wants nails that are quick and easy, according to industry observers.

Lee, which claims to be the first to introduce self-adhesive nails, is the biggest player in the market, with about an 85 percent share.

Eylure of London officials contest the Lee claim, saying they were the ones who introduced stick-on nails. "We really invented the press-on nail," said Stanley Sussman, Eylure president.

Eylure's nails are "shaped better. They're curvier," Sussman said. Eylure's EasiNails are available in regular, slimline, standard and slender styles. The kit includes nails, instant tape nail pads and instructions. Instant tape refills are also available for purchase.

The nails can be purchased on an open stock basis or from a counter displays or floorstands.

Jonee self-adhesive nails are available in four styles — oval, natural, extra long and two-nails-in-one. They are sold in clear plastic bags to allow customers to see and feel the products; they also allow retailers to stock a dozen or so packages on a single rod.

To educate retailers, Jonee produces a monthly newsletter and brochures about nail care and ways to use Jonee nails. The company also puts out a 22-minute videotape on how to care for and decorate artificial nails.

Because of the many different types of products, the artificial nail business can be confusing.

There are three basic types of nail lengtheners.

There are plastic nail tips, which attach to the end of the fingers. Another type attaches to the full nail with a semi-permanent adhesive for about five days. Press-on nails are "quick fix kind of nails" that stick on with a minimum of bother.

The newest nails are available in a variety of fashion colors. And Lee is selling nails in a new everyday "Active Length."

Lee will offer some special promotions with the Army and Air Force Exchange Service for Christmas and has plans to introduce their products to Navy exchanges.

"We're just tapping that market now," Nepsa said.

Cutting Costs, Copy-Cat Scents Catch Big Names' Coattails

HIGH-END SCENTS LIKE GIORGIO and Obsession are riding the wave of popularity, and knockoff fragrances like Primo and Confess have decided to hop on board.

The appeal of the copy-cat fragrance is cost. They're cheaper — a lot cheaper. And some consumers are opting for their favorite knockoff instead of the higher-priced name brand.

market report

you'll love
JUNO™
Fashion Scents
IF YOU LIKE
YOU'LL LOVE

"... WOULD SMELL AS SWEET": Knockoff fragrances by Parfums de Coeur and Delagar afford "an alternative."

And some brands, along such lines, are beginning to appear in exchanges.

"It gives the consumer an alternative," said Charles Royce, marketing director for Delagar, a manufacturer of gift toiletries. "She can now obtain some of these more expensive and exotic scents."

Knockoffs are now the fastest-growing segment of the cologne business, with sales doubling and tripling last year. Exact figures aren't available, because many major research companies haven't started tracking knock-off sales yet.

Overall, scent sales were up only four percent last year, according to A.C. Nielsen. Meanwhile, "The [knockoff] market is growing at a phenomenal rate," Royce said. "There have been no signs of abating."

This has some of the major perfume manufacturers irate and has lead to numerous lawsuits.

The courts, however, have generally sided in favor of the knockoffs, saying that it's okay as long as consumers aren't lead to believe they're buying the higher-end scent.

Since the scents first hit the market, the industry has expanded to include a number of new manufacturers eager to cash in on the copycat business. But the big leader is Parfums de Coeur, which has about an 80 percent share of the market.

Its biggest seller is Primo, which is marketed under the slogan, "If you like Giorgio, you'll love Primo!" Primo, which was introduced last year, generally sells for much less than what Giorgio costs.

"Instead of going to Rodeo Drive and paying $40, women can now make a trip to their Main Street drug store or supermarket and get the same wonderful fragrance for $7.50," said Mark Laracy, founder of Parfums de Coeur.

The first knock-off product Laracy marketed was Ninja. Its slogan was "If you like Opium ($30) or Cinnabar ($18.50), you'll love Ninja for $7.50."

Since its introduction, the line has been expanded to include gift sets and bath products. The mens' line includes Lancer, which copy-cats Polo, Apollo for Aramis, and Male Musk for Musk.

Although the knockoff scents mimic the high-end products, they're not just copy cats, Laracy argued.

"We've actually captured the essence of the most popular designer colognes," he said in a press release. "But our scents are not just imitations, often they're better," he maintained.

Delagar's Royce agrees that the colognes are high quality.

"We buy a very expensive perfume oil. We put a lot of it in the bottle. It's as good an oil as any fragrance being mass-marketed," Royce said. "Nobody except the experts can tell the difference."

The quality which really distinguishes these alternatives is how long they last.

The knocks-offs do not last as long as the big names do, Royce admitted. But then he quickly added, "That's not a bad trade-off for $7.50 versus $50."

Delagar aims to be the first in line to latch onto the coattails of Poison, a new scent by Christian Dior, which many experts predict will become the hottest seller during the Christmas sales rush.

Its launch this summer by Bloomingdales "was the most successful in its history," Royce said. "We will be the first ones on the market with our version."

But, aside from aiming for the coattail market, Delagar and other manufacturers hope that consumers will look to them as scents in their own right.

"We're really trying to build Mystic Impressions into a brand," Royce said. "We have planned next year to expand the line into other categories."

Another thing Delagar and other knock-off manufacturers hope for is to change the product's Christmastime promotion look and make it a year-round product.

According to Delagar's consumer research, two-thirds of the women they tested have no problems with buying the fragrance for themselves. Fifty percent said they would buy it as a gift. Eighty five percent of the women they surveyed said they would like it for a gift.

"There's a market [for knockoff products] virtually all year-around," Royce said. **MM**

market report

TRENDS AND OPINIONS ON THE USE OF COSMETICS TODAY

	DEFINITELY AGREE	SOMEWHAT AGREE	SOMEWHAT DISAGREE	DEFINITELY DISAGREE
Cosmetics are Important Part of Grooming Routine	85.2%	12.4%	1.6%	0.8%
Spend at Least 1 Hour a Day on Dressing and Grooming	56.2%	24.7%	10.9%	8.2%
Have Hair Done Professionally	52.1%	21.8%	12.9%	13.2%
Always Try to Improve Physical Appearance	73.0%	23.2%	3.4%	0.3%
How I Look is an Important Part of Who I Am	84.4%	13.4%	1.8%	0.4%
Not on a Regular Skin Care Program	15.3%	23.7%	15.8%	45.3%
Makes No Difference to Me What People Think of My Appearance	4.9%	12.5%	19.1%	63.5%
Physical Attractiveness is Mainly Knowing How to Make the Most of What You've Got	72.4%	22.7%	3.7%	1.2%
Clothes, Make-up, Hair-Style can Make an Ordinary Person Attractive	80.0%	18.3%	1.3%	0.5%
Women Look Better with Facial Cosmetics Than Without	56.2%	32.2%	9.5%	2.1%
A Well-Groomed Appearance is Important to a Career	90.5%	8.8%	0.6%	0.1%

MAJOR INFLUENCES IN CHOICE OF COSMETICS/FRAGRANCES

Magazine Articles/Ads	63.1%
Current Styles and Trends	49.4%
Gifts with Purchase or Store Promotions	43.1%
Career	40.2%
Scentstrips in Magazines	35.1%
Advice of Cosmetic Rep/Sales	34.5%
Amount of Time I Have	27.4%
Advice of Friends/Relatives	24.1%
Television Commercials	13.6%

PRODUCTS USED FOR SUN PROTECTION

Sunscreens or Sun Blocks	65.3%
After-Sun Moisturizers	64.7%
Suntan Lotions	59.0%
Lip Protection Creams	56.8%
Hair Conditioners	52.0%
Eye Protection Creams	29.7%

CATEGORIES OF COSMETICS USED REGULARLY

Lipstick/Gloss	93.3%
Fragrances	91.7%
Blush or Rouge	92.0%
Mascara	89.3%
Eye Shadow	84.6%
Moisturizers	84.0%
Facial Soaps/Cleansers	78.9%
Body Lotion	76.3%
Foundation	75.1%
Eyeliner	74.9%
Facial Powder	63.4%
Hair Spray	59.5%
Mousse & Gels	58.2%
Astringents/Toners	57.4%
Eye Cream	48.6%
Facial Masks	43.0%
Hair Coloring	40.0%
Lip Creams	37.5%
Enriched Bath Soaps	31.9%
Multi-Product Hair Care System	30.1%
Cell Renewal Treatment	21.4%
Depilatories/Waxes	18.3%

Courtesy of the Cosmetic, Toiletry and Fragrance Association. Survey conducted by the Cosmetic, Toiletry and Fragrance Association and Harper's Bazaar.
SOURCE: Beta Research Corp., March 1986.

market report

Toiletries/Cosmetics/Fragrances at AAFES

(Worldwide Sales Through May 1986)

Fiscal Year	Dollar Sales	Changes	% of Total
1983	270,404,047	+5.4%	7.85%
1984	281,175,962	+4.0%	8.00%
1985	289,555,000	+3.0%	7.39%
1986 Plan	301,434,000	+4.1%	7.28%
Through May 1986	93,900,000	+4.8%	7.22%

NOTE: Automotive/gasoline/labor is now included in retail total for the Army and Air Force Exchange Service.

EMBRACEABLE YOU.
TABU.
TABU
spray cologne
An embrace that lives forever.
In a fragrance.
TABU BY DANA

Robert Hale & Associates, CONUS

When Makeup Is Worn —

ALL THE TIME	49.2%
AT WORK	44.6%
IN THE EVENINGS	28.3%
SPECIAL OCCASIONS/ HOLIDAYS	47.8%
WEEKEND DAYS	20.5%
WEEKEND NIGHTS	34.7%
EVERY NOW AND THEN	7.8%
DO NOT WEAR MAKE-UP	.5%

Number of Different Fragrances Own and Use —

1	9.7%
2 OR MORE	88.2%
3 OR MORE	71.8%
4 OR MORE	52.8%
5 OR MORE	40.3%
6 OR MORE	30.6%
7 OR MORE	23.8%
8 OR MORE	20.3%
9 OR MORE	16.8%
10 OR MORE	15.4%
11 OR MORE	10.0%
20 OR MORE	4.1%

How Often Fragrance Is Used in an Average Week —

1 DAY	2.2%
2 DAYS	3.7%
3 DAYS	4.9%
4 DAYS	4.9%
5 DAYS	12.7%
6 DAYS	11.0%
7 DAYS	58.6%

NOTE: Courtesy of the Cosmetic, Toiletry and Fragrance Association. Survey conducted by the Cosmetic, Toiletry and Fragrance Association and Harper's Bazaar. SOURCE: Beta Research Corp., March 1986.

Military Market index

COMMISSARIES

		JUNE			YEAR TO DATE		
		CY'86	CY'85	% CHANGE	CY'86	CY'85	% CHANGE
	CONUS	$144,889	$153,604	–5.67	$925,757	$911,521	1.56
	OVERSEAS	27,392	26,973	1.55	176,432	174,362	1.19
AIR FORCE	TOTAL	**172,281**	**180,577**	**–4.59**	**1,102,189**	**1,085,883**	**1.50**
	CONUS	104,685	109,200	–4.13	647,640	639,240	1.31
	OVERSEAS	34,650	31,185	11.11	211,260	186,375	13.35
ARMY	TOTAL	**139,335**	**140,385**	**–0.75**	**858,900**	**825,615**	**4.03**
	CONUS	71,604	74,009	–3.25	381,695	382,423	–0.19
	OVERSEAS	8,357	8,365	–0.10	43,813	42,709	2.58
NAVY	TOTAL	**79,961**	**82,374**	**–2.93**	**425,508**	**425,132**	**0.09**
	CONUS	13,037	13,971	–6.69	84,354	84,563	–0.25
	OVERSEAS	243	261	–6.90	1,589	1,490	6.64
MARINE CORPS	TOTAL	**13,280**	**14,232**	**–6.69**	**85,943**	**86,053**	**–0.13**
	CONUS	286	275	4.00	1,570	1,568	0.13
	OVERSEAS	293	360	–18.61	1,785	1,794	–0.50
COAST GUARD	TOTAL	**579**	**635**	**–8.82**	**3,355**	**3,362**	**–0.21**
	CONUS	$334,501	$351,059	–4.72	$2,041,016	$2,019,315	1.07
	OVERSEAS	$70,935	$67,144	5.65	$434,879	$406,730	6.92
COMMISSARIES	TOTAL	**$405,436**	**$418,203**	**–3.05**	**$2,475,895**	**$2,426,045**	**2.05**
GROCERY STORES	U.S.[1]	$22.813	$22.287	2.36	$135.329	$129.146	4.79

EXCHANGES

		JUNE			YEAR TO DATE		
		CY'86	CY'85	% CHANGE	CY'86	CY'85	% CHANGE
	CONUS	$251,758	$252,960	–0.48	$1,415,786	$1,387,819	2.02
	OVERSEAS	167,628	157,652	6.33	996,044	908,873	9.59
AAFES	TOTAL	**419,386**	**410,612**	**2.14**	**2,411,830**	**2,296,692**	**5.01**
	CONUS[2]	93,305	92,674	0.68	502,835	513,422	–2.06
	OVERSEAS[2]	41,519	38,712	7.25	220,745	217,105	1.68
NAVY	TOTAL[2]	**134,824**	**131,386**	**2.62**	**723,580**	**730,527**	**–0.95**
	CONUS	28,332	29,793	–4.90	163,474	168,528	–3.00
	OVERSEAS	4,977	4,918	1.20	29,029	28,835	0.67
MARINE CORPS	TOTAL	**33,309**	**34,711**	**–4.04**	**192,503**	**197,363**	**–2.46**
	CONUS[3]	7,159	7,096	0.89	40,006	39,060	2.42
	OVERSEAS[3]	553	526	0.76	2,979	3,038	–1.94
COAST GUARD	TOTAL[3]	**7,692**	**7,625**	**0.88**	**42,985**	**42,098**	**2.11**
	CONUS[4]	1,298	1,130	14.87	7,952	7,055	12.71
	OVERSEAS[4]	3,392	3,694	–8.18	20,060	18,534	8.23
MAIL ORDER	TOTAL[4]	**4,690**	**4,824**	**–2.78**	**28,012**	**25,589**	**9.47**
	CONUS	$381,852	$383,653	–0.47	$2,130,053	$2,115,884	0.67
	OVERSEAS	$218,049	$205,505	6.10	$1,268,857	$1,176,385	7.86
ALL EXCHANGES	TOTAL	**$599,901**	**$589,158**	**1.82**	**$3,398,910**	**$3,292,269**	**3.24**
DEPARTMENT STORES	U.S.[1]	$10.985	$10.447	5.15	$60.386	$57.408	5.19

CORRECTION: Marine Corps exchange sales in the May Military Market Index were incorrect. The correct figures for May 1986 Marine Corps and all exchange sale were:

	CONUS	29,537	31,133	–5.13	135,143	138,734	–2.59
	OVERSEAS	5,277	5,245	0.61	24,052	23,918	–0.56
MARINE CORPS	TOTAL	**34,814**	**36,378**	**–4.30**	**159,195**	**162,652**	**–2.13**
	CONUS	$384,863	$396,316	–2.89	$1,748,203	$1,732,230	0.92
	OVERSEAS	$233,372	$212,480	9.83	$1,050,807	$970,881	8.23
ALL EXCHANGES	TOTAL	**$618,235**	**$608,796**	**1.55**	**$2,799,010**	**$2,703,111**	**3.55**

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1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard. NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.